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UNITED STATES POLICY TOWARD SOUTH AFRICA

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
AFRICAN AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

OCTOBER 22, 1987 AND JUNE 22, 23, AND 24, 1988

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UNITED STATES POLICY TOWARD SOUTH AFRICA

THURSDAY, OCTOBER 22, 1987

U.S. SENATE,
SUBCOMMITTEE ON AFRICAN AFFAIRS
OF THE COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met at 9:33 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Paul Simon (chairman of the subcommittee) presiding.

Present: Senators Simon, Pell (chairman of the full committee), Sarbanes, Helms, Lugar, Kassebaum, Pressler, and McConnell.

Senator **SIMON**. The hearing of the Subcommittee on African Affairs will come to order.

I am going to suggest to the members of the panel that we refrain from giving our opening statements, to hear our distinguished colleagues, if there is no objection. Then each of us can make whatever remarks we want to make.

Let me call first on Senator Kennedy.

STATEMENT OF HON. EDWARD M. KENNEDY, A U.S. SENATOR FROM MASSACHUSETTS

Senator **KENNEDY**. Thank you very much, Mr. Chairman.

I particularly appreciate the opportunity to appear before your committee—with my colleague, Senator Weicker—to give my reaction to the situation in South Africa 1 year after the enactment of the sanctions.

First of all, Mr. Chairman, I would like to file my complete statement in the record.

Senator **SIMON**. It will be entered in the record.

Senator **KENNEDY**. Second, I would like to put into the record an op-ed piece that appeared in the Washington Post that responds to the President's report. In a more detailed way, this article responds to the President's comments.

Senator **SIMON**. It, too, will be put into the record.

[The information referred to appears in the appendix.]

Senator **KENNEDY**. Then, third, on behalf of Senator Weicker and myself, we would like to include in the record the GAO report that we requested about the administration's compliance with the legislation.

Senator **SIMON**. We will also make that a part of the record.

[Due to increased costs in printing, the report referred to is retained in the committee files.]

Senator Kennedy. The central point in the GAO report is that, although there has been technical compliance with many of the provisions of the legislation, one of the central themes that Senator Weicker and I felt was extremely important in the legislation was to have the administration provide leadership within the international community to gain support for a wide range of sanctions.

I think that any fair reading of the record would indicate that in this particular area, the administration failed to comply with those particular provisions of the law.

The report points out, actually, that the contrary has occurred, that on February 20, the United States vetoed the Security Council resolution which included various sanctions recommended by the Commonwealth countries and many of the sanctions in our legislation.

So, rather than comply with the spirit and the letter of the law to gather support internationally, the administration ignored this aspect of the law and actually worked to defeat an effort to achieve international cooperation against apartheid.

Let me just summarize my position, Mr. Chairman. With Senator Weicker, Senator Cranston, and Senator Lugar and with so many others who have been involved in this effort over a long period of time—and with many of the members of this committee working in a bipartisan way—none of us believed that the sanctions were going to resolve the problems of apartheid in 1 year.

This is a situation that has existed for scores of years. It is disingenuous for those who supported 7 years of "constructive engagement" to say "Now, after 1 year of modest sanctions that, apartheid still exists and, therefore, the sanctions have failed."

These sanctions were extremely modest. Without the support of the international community, one could never expect—and I think the record would clearly indicate this viewpoint was generally shared during the debate on the floor of the Senate—that these sanctions would produce a dramatic, impressive, or significant adverse impact in the economy of South Africa.

What did we really intend to achieve with the sanctions and how successful have we been?

Well, first of all, we wanted to send a message to the 25 million nonwhite South Africans that the United States was not going to be the last best friend of apartheid in South Africa. That message was received, and I think it was understood.

In my statement, and in the op-ed piece, I indicate what many of the real leaders in Africa have stated about the position that was taken by the United States. It was a real message of hope to millions of people in South Africa.

Second, it was an important message to the Frontline States—which have also been dealing with the conflict and violence of apartheid—that the United States was going to be a leader in opposing apartheid.

And, finally, the United States acted in an effort to exercise leadership within the world community.

I think, as the GAO reported in its statement, and I quote, "Currently, the United States has the strongest sanctions in the world against South Africa." I think that is understood within the world community, and I think it is the correct, moral position for the United States to assume.

Finally, I would say, Mr. Chairman, that we have to ask ourselves "What next?"

I think clearly we ought to eliminate some of the loopholes which have existed as a result of some of the regulations which have been drafted—the one on uranium hexafluoride, for example—and try to deal with some of those particular loopholes.

Second, I think we have an important obligation to strengthen the sanctions. In particular, we need to exert more pressure within the international community. I think that is imperative, if we expect this policy to be both respected and effective.

Finally, I think it is time to debate a trade embargo and a disinvestment program. I would hope that these hearings will stimulate that debate and stimulate that discussion. Our good friend and colleague, the Senator from California, Senator Cranston, has suggested—actually, he has done more than that—he has introduced legislation incorporating many of those ideas. I would hope that that debate would start now and that in this next session of Congress, we would get action by the full Senate.

Thank you, Mr. Chairman.

[The prepared statement of Senator Kennedy may be found in the appendix.]

Senator SIMON. Thank you, Senator Kennedy.

Senator Weicker.

STATEMENT OF HON. LOWELL P. WEICKER, JR., A U.S. SENATOR FROM CONNECTICUT

Senator WEICKER. Thank you very much, Mr. Chairman.

I would like to include the full text of my remarks in the record of today's hearing.

Senator SIMON. It will be included in the record.

Senator WEICKER. A year ago, your committee, under the thoughtful chairmanship of the distinguished Senator from Indiana, led the way in applying sanctions to South Africa. It is now a year later, and the cry that I hear from those who always opposed our entry into this matter is that what was accomplished by the Congress of the United States has had no effect on the situation in South Africa. It is to this that I would like to address my impromptu remarks.

It was 2 years ago when I heard that the men and women were protesting before the South African Embassy here in Washington, DC, that I had my memory jogged on the issue of apartheid in South Africa.

I well remember those cold January days and the people who stood out in front of that Embassy. It reminded me of the fact that I had come to the U.S. Senate in 1970. And I remember when I came to the U.S. Senate in 1970 that the issue of apartheid was one that drew more than my curiosity. It drew my inquiries.

Everybody in this town, Democrat and Republican, Government and nongovernment, said "Don't worry, it will work itself out. It will work itself out."

And so, here we were, in the year 1985, and I had been in Washington, DC, for 15 years, and nothing had been worked out until your body decided to go ahead and move on this issue.

Mind you, that 15-year period is a short period of time insofar as the existence of apartheid. But I am just using my own experience as a Senator. For 15 years this powerful body had sat back to allow things to work themselves out.

And now, when we finally took meaningful action, there are those who say "Oh, it hasn't worked in 1 year." Just 1 year.

Well, I think Senator Kennedy has made some very valuable points. It has worked as far as sending a message to the blacks of South Africa and, indeed, of the entire continent as to where the United States stands on these matters that affect the dignity and the life of human beings. It has sent a message to the world which, after we acted, started to impose sanctions, maybe not as stringently as we would like to see, but the world started to act. The world was standing there and saying "Well, we are not going to hear the United States moralize while it does nothing."

It sent a message to corporate America which, on its own initiative, started to withdraw from South Africa.

As far as the evaluations of the administration, whether the sanctions have worked or not, I suggest you have to evaluate the source, and the source, very frankly, was one that always was opposed to sanctions or, indeed, to doing anything.

I believe the blacks of South Africa support sanctions.

Yes, they are the ones who suffer, and they knew all along they would suffer if sanctions were opposed. And yet, they wanted that clear-cut statement by the leader of the Free World and the leader of idealism, as it relates to mankind.

So, I cite that personal story because, believe me, anybody who thinks this is going to be a 1-year battle, when it has been a battle of decades, both within South Africa and nonaction here in the United States is mistaken.

I did not expect any miracle in 1 year. Nobody did. But it was a first step.

And it would also be helpful if the administration would please go ahead and, again, enforce the law that was written and which is the law of the land as it applies to sanctions; that is, that when a finding is made that there is no lessening of the repression of apartheid, further sanctions are put into place.

Well, the administration has made the finding—that is certainly very clear from its report—but I don't see any further action from the administration except to complain and to say "Let's go back to those years of inaction and giving it another name—constructive diplomacy."

Mr. Chairman, I will say it right now before your committee. I'll tell you what I'll do. I'll make a deal. If half the time that I have been around here is spent on pursuing this clause on behalf of the blacks of South Africa as vigorously as we did nothing for the 15 years that I have been here, if in 7½ years there has been no movement, then I might say maybe this is the wrong policy. But I am not ready to do that after 1 year.

I want to see us pursue this policy on behalf of the people of that nation and the African continent just as vigorously this year as we did last, and just as vigorously next year as we are going to this year. Then, if nothing has happened, I might concede that we were wrong.

I suspect long before that 7 to 8 years is up the blacks of South Africa will be standing tall within what is as much their country as anyone's country.

I thank you very much.

[The prepared statement of Senator Weicker may be found in the appendix.]

Senator SIMON. We thank both of you.

Are there any questions from the members of the committee?

Senator Helms.

Senator HELMS. I have only one that I would ask of each of the Senators.

Have you been to South Africa in the past year?

Senator WEICKER. I have not been to South Africa in the past year.

Senator KENNEDY. I have not.

Senator HELMS. So you have not gone out and talked to the farmers and the workers who don't have jobs, who are impacted by the sanctions?

Senator WEICKER. I have talked with those who represent the blacks of South Africa, various and sundry groups, Senator, and the answer is that I have heard from them. The direct answer to your question is, I have talked personally with the representatives of the farmers and workers.

Senator HELMS. Could I ask you to identify, just for example, just whom you talked with?

Senator WEICKER. The representatives of the African National Congress.

Senator HELMS. Fine.

I have no further questions. I do want to comment on this point, but I will wait until my statement is made. I won't detain the Senators.

Senator KENNEDY. Mr. Chairman, I too would be glad to submit a list of the groups and the international representatives of different South African organizations that my office has met with over the past year in response to the Senator's question.

Senator SIMON. That will be entered into the record.

[The information referred to appears in the appendix.]

Senator WEICKER. Let me also make the comment, in addition, that I do not want to indicate that is the only group, the African National Congress, as there were also various religious leaders representing the various faiths in South Africa.

Senator HELMS. Bishop Tutu, for example?

Senator WEICKER. Among others, yes.

Senator HELMS. Fine.

Senator SIMON. Senator McConnell.

Senator MCCONNELL. Thank you, Mr. Chairman.

My history with this issue is not quite as long as that of the Senator from Connecticut. However, as both of you know, Senator Roth and I sponsored the original bill which worked its way through this committee 2 years ago and which was very much like the final form that the Congress passed. So, I come to this issue as someone who did support a sanction bill a couple of years ago.

I might say to my friend from Connecticut that it is not just those who originally opposed a sanction measure who have developed some skepticism about what we have accomplished here. I would add that I am not ready to reach the conclusion that we have accomplished nothing. I am not in that camp, but I am somewhat disturbed about what we have done to our own people.

I want to cite for you an example that Senator Kennedy certainly is familiar with because he and I have discussed this issue, and that is the problem of transit uranium. "Transit uranium" I will define as uranium purchased by a country abroad from South Africa, shipped to the United States for processing and enrichment, and then sent back to the country abroad to be used there.

This particular example is of concern to me, of course, because it affects my State. When I supported sanctions, the idea I thought was to sanction South Africans and not Kentuckians.

A good portion of the uranium enrichment business that we do at the uranium enrichment plant at Paducah, KY, is foreign-owned uranium, which comes into this country, purchased, for example, by Japan from South Africa. It is sent to the United States for enrichment and then sent back to Japan.

We tried to cure this problem with a colloquy on the floor of the Senate, but we did not succeed. With the exception of uranium hexafluoride, the administration interpreted the ban as a ban against all uranium coming in, whether foreign-owned or not.

Now, the net result of this interpretation, as Senator Kennedy and I have discussed, is that you run the risk of hurting Americans and not South Africans. There is no sanction against South Africa at all because the country abroad continues to buy the uranium from South Africa, and sends it somewhere else for processing and enrichment—say to the Soviet Union—and then back home.

This is the kind of cleaning up, if you will, of this legislation that I think we ought to look at. If the idea is to punish the South African Government, a notion with which I concur, then we ought not to allow to continue glitches in this law that punish Americans.

For example, just recently, due to this particular ban, about 20 tons of Soviet-enriched uranium, ironically originally brought from South Africa, arrived in the United States last week for fabrication into nuclear fuel pellets. The way the process worked is this. It was converted in England, enriched in the Soviet Union, fabricated by a German-owned company located in Washington State, and, finally, the end user will be West Germany.

Now, the portion of the process done in my State is the enrichment process. What we have done here is effectively curtail a business that affects Kentuckians and has no impact on South Africa at all.

I think if we are looking at changes in this law, we ought to look at ones that have the net effect of hitting the target and not meeting the enemy and finding out it is us.

I am just wondering if either of you know how the uranium ban has contributed to any particular change in South Africa, either you or Senator Kennedy? Do you have any information about that?

Senator WEICKER. No.

The GAO report, which, as you know, was just received today, on administration enforcement of the sanctions, has a specific paragraph which says that according to an Energy Department official, the banning of uranium ore and oxide, without explicitly banning uranium hexafluoride, hurt the U.S. uranium-conversion industry without reducing the amount of South African uranium entering the United States.

So, clearly the Senator is supported in his statement by the GAO report, and that obviously needs to be addressed.

Senator McConnell. I might say, as I have discussed with Senator Kennedy, I would not necessarily object to broadening the ban to the UF6, provided you can deal with the transit problem. We need to be able to allow the transit uranium to come in here because if it does not come here, it is going to go to the Soviet Union for enrichment or it is going to go to France for enrichment.

If we broaden the ban to include UF6, I am wondering if either of you would allow the transit uranium to come in and then go out. It is obviously having no effect on South Africa.

Senator Kennedy.

Senator Kennedy. First of all, I find it difficult to understand the rationale for the Treasury Department's regulation in this whole area. I do not see, from reading the exact legislation and also the legislative intent from those who sponsored it, how they could have provided the exemption for the hexafluoride.

Second, I would welcome the opportunity to work with my colleagues in addressing this particular issue, along with a consideration of other provisions that both the House and Senate are considering in terms of strengthening the sanctions and eliminating some of the loopholes which exist.

Senator McConnell. I am certainly open to that. But I think it is important that we deal with this transit problem.

Just to define this one more time so that everybody understands what we are talking about here, let's take Japan, for example. Japan buys uranium from South Africa. She ships it to the United States for enrichment and then it goes back to Japan. If we eliminate that, all that will happen is Japan will buy uranium from South Africa and ship it to the Soviet Union for enrichment and back to Japan.

So if we were to broaden the ban to include the UF6 portion of the process, which I am open to, the quid pro quo for that needs to be to allow the subsequent transshipment of that uranium back to the country of origin. Then you will arguably have done something to sanction South Africa without punishing Americans.

If you Senators are open to that kind of approach, then I think we have some grounds for discussion.

Senator Weicker. I think we are open to that kind of approach, but only as a part of an overall amending of the law, the net result of which is to toughen our position vis-a-vis South Africa. I do not think you can just isolate this particular situation.

I think that it clearly needs rectifying. But if you just did that, and, in light of what is going on in South Africa did no more, it could be interpreted as really weakening our position, rather than strengthening our position on the issue of sanctions.

So, the answer is that I think you raise a valid point, but I think we raise a valid point as to the overall sanction situation vis-a-vis South Africa.

Senator McCONNELL. Fine. I understand that.

Senator KENNEDY. We will try to work together. I think what Senator Weicker has expressed is how we approach this issue. But I think within that context there is room for addressing this issue.

Senator McCONNELL. I am glad to hear you say that because the idea behind the South African sanction measure was to sanction them, not us. And, unfortunately, it has had the opposite effect, at least as related to Paducah, KY.

Thank you.

Senator HELMS. Mr. Chairman.

Senator SIMON. Senator Helms.

Senator HELMS. I am glad Senator McConnell brought up this subject because this whole process is riddled with examples like that. For example, South African Airways uses only American jet engines on its aircraft. I think they are both Pratt and Whitney and General Electric jet engines. General Electric I believe is a Massachusetts concern.

Senator WEICKER. And Pratt and Whitney is in Hartford, CT.

Senator HELMS. Pardon?

Senator WEICKER. Pratt and Whitney is in Connecticut.

Senator HELMS. Correct.

Now the South African Airways will be buying its airbuses from Europe. Those planes, for the moment, come only with American engines. But I understand that if a buyer were to order the planes with Rolls-Royce or some other engine, the initial cost would be so high as to make the modification almost impossible, and that afterwards, the American dominance in this business would be lost, and there would be obviously a loss of jobs at GE and Pratt and Whitney here.

Now, I guess the question I am asking both of you is do you think the U.S. Government should refuse to license the export of jet engines for use on South African Airways planes?

Senator WEICKER. Yes. I will be glad to answer for myself, and the answer is yes, I do. I don't think that any of the workers, very frankly, at Pratt and Whitney, in Connecticut, or, indeed, the executives of General Electric, which is headquartered in Connecticut, would care to go ahead and make profits due to the misery of the blacks in South Africa. I think they would be glad to forego that portion of their business.

I will be glad to take that statement and it can be used at the time I run for reelection in Connecticut. But I think I speak fairly clearly for the workers.

Senator HELMS. But you have taken no poll, then? You have not inquired about it?

Senator WEICKER. I have not inquired, but the statement is now on the record, and so people can judge me accordingly.

Senator KENNEDY. I would certainly subscribe to that. I would also wonder how many workers from South Africa ever travel on those airlines. I mean, who is using these airlines? Is it South African Government officials, the proponents of apartheid? Is it South

African businessmen, who continue to profit from apartheid? Who is using those airlines in South Africa?

Is this primarily for the convenience of government officials, to fly back and forth around the world?

I would hope all of those questions would be examined as well.

Senator HELMS. Well, of course the answer to that is no. I committed the great sin, Senator, of flying from London to Capetown on South African Airways, and I assure you that the women and children on that plane were not government officials.

Now, the point is this, of course, and I think it is rather fundamental. And I don't want to get into any debate.

But what I am hearing you say to me is that you think American workers should lose their jobs and suffer unemployment, and a lot of them are going to lose their homes and all the rest of it, so as to send a political signal, which is not working by the way, and I shall address that a little bit later.

I have been to South Africa, and I did not spend my time with the governmental leaders. I want to advise you of that.

I went out on the farms. I went and talked to the workers. I went to Soweto and talked to the mayor and other officials of that city.

My reasoning is exactly the opposite of yours, and I say that with all due respect.

Thank you, Mr. Chairman.

Senator WEICKER. I just want to make one more comment, again, since you have laid on the record the fact that, in effect, this is going to cause unemployment vis-a-vis the example you cite.

My people in Connecticut have no desire to be merchants of death. It is as simple as that. They would rather go ahead and get their employment from some other place.

Senator HELMS. Well, that is your characterization of it.

Senator WEICKER. That is what the people who I represent think.

Senator HELMS. I wish there were some poll to show exactly how they feel.

Senator WEICKER. That is what the people who I represent think. I get polled every 6 years, Senator, and I do all right.

Senator HELMS. Well, I think we need a poll now.

Senator SIMON. The members of the subcommittee have not given their opening statements yet. We appreciate both of you being here, Senators.

Senator Symms is here, and in courtesy to him——

Senator SARBANES. Mr. Chairman.

Senator SIMON. Senator Sarbanes.

Senator SARBANES. Before Senators Weicker and Kennedy depart, I simply want to express my appreciation to them for their continued leadership in this cause. I think they have provided forward-looking and visionary leadership based on a very strong sense of values and principles. I particularly agree with their observations that the failure of this administration to move toward establishing internationally the sanctions legislation passed by the Congress and to make it the governing standard in the dealings with South Africa, has greatly eroded the impact which the sanctions could have had on developments within South Africa. I would note in particular the exercise of the veto at the United Nations, the signals that the administration has sent to other countries, and the failure to convene a multilateral assemblage directed toward making this all encompassing on the international scene. The administration policy in these areas has significantly undercut the impact which I think the sanctions legislation could have had, and the direction in which we ought very strongly to push in order to help bring about the necessary and fundamental changes in South Africa.

Senator SIMON. I would simply want to join Senator Sarbanes in commending the two of you. You have really provided not just leadership in name, but real leadership, and I am proud to serve with both of you.

Senator WEICKER. Thank you.

Senator SIMON. Senator Symms.

Senator SYMMS. Mr. Chairman, I want to say before my two distinguished colleagues leave that I want to note for the record that it is purely by coincidence that I am seated to the left of Senators Kennedy and Weicker. [Laughter.]

Senator KENNEDY. Don't worry; you'll be treated all right. [Laughter.]

Senator HELMS. As far as I view it, you are sitting to the right.

STATEMENT OF HON. STEVEN D. SYMMS, A U.S. SENATOR FROM IDAHO

Senator SYMMS. Mr. Chairman and members of the subcommittee, I thank you for the opportunity to testify this morning on the complex issue of U.S. policy toward South Africa because I think it is an important issue.

One area which is of great concern to me is the dramatic rise in U.S. dependence upon Communist bloc countries for our strategic and critical minerals.

The importance to the United States of strategic materials, such as cobalt, manganese, platinum, chromium, vanadium, ferrochromium, ferromanganese, and other alloys and strategic and critical materials within the meaning of the Strategic and Critical Materials Stockpiling Act, is well known to my colleagues on this subcommittee.

As you know, Mr. Chairman, I was the chief sponsor of the Senate amendment which would allow a provision of the antiapartheid measure to be suspended if it resulted in increased reliance on the Soviet Union or on another Soviet bloc country for a strategic mineral. That amendment stated, in relevant part, that "The President may lift any prohibition contained in the Anti-Apartheid Act imposed against South Africa if the President determines, after 6 months from the date of the imposition of such prohibition, and so reports to Congress, that such prohibition would increase U.S. dependence upon any member country or observer country of the Council for Mutual Economic Assistance—CMEA—for the importation of coal or any strategic or critical material to an amount which exceeds by weight the average amounts of such imports from such country during the period of 1981 through 1985."

Now, Mr. Chairman, I have been asked about why I did not believe the committee's bill language in section 303(a) regarding strategic minerals to be adequate. In answering, there are several reasons. But, by far the most important is to be found in title V, section 501 of the bill.

This section states that: "It shall be the policy of the United States to impose additional measures against the Government of the Republic of South Africa if substantial progress has not been made within 12 months of the date of enactment of this act in ending the system of apartheid and establishing a nonracial democracy."

Among these additional measures is the imposition of further sanctions of strategic minerals.

Now, Mr. Chairman, I quote from section 501, subsection (c), paragraph (5): "A prohibition on the importation into the United States of strategic minerals from South Africa."

My amendment, Mr. Chairman and members of the subcommittee, simply seeks to ensure that by imposing sanctions against South Africa we do not become more dependent on the extremely unreliable Communist bloc nations of the Council for Mutual Economic Assistance—CMEA—for our strategic minerals.

The Symms amendment was heartily endorsed by Democrats and Republicans. In fact, the current chairman of the Foreign Relations Committee, Senator Pell, stated, and I quote: "I think the amendment is an excellent amendment. I trust we will all support it."

Support it we did. It was unanimously accepted on the floor of the Senate.

The Symms amendment contains a two-part test which I believe is easy to apply. First, the U.S. importation of the strategic mineral from a CMEA country must be in excess of the average amount of import of that mineral from the country during the period from 1981 to 1985. We have already seen that this is the case with a wide variety of strategic minerals.

Second, this increase must be as a result of the provision in the sanctions bill. This can be either the direct or indirect result of such provision.

Now, Mr. Chairman, as I stated, the circumstances which currently exist meet the requirements of the first part of the test. According to the September 11, 1987, report of the Bureau of the Census and the Office of Strategic Resources of the Department of Commerce during the base period of 1981 through 1985, the United States did not import any technical specified rubber from the Soviet bloc.

Following the imposition of sanctions, the United States imported a monthly average of 12,346 pounds of technical specified rubber from Poland.

During the base period, the United States imported only a monthly average of 2 carats of industrial diamonds from the Soviet Union. Following the imposition of sanctions, imports from the Soviets increased to a monthly average of 133 carats.

Mr. Chairman, that is a 6,550-percent increase.

During the base period, the United States imported a monthly average of 479 gross tons of chrome ore from the Soviets. Following sanctions, that figure rose to a monthly average of 4,293 gross tons, a 796-percent increase.

During the base period, the United States did not import any platinum sponge from Czechoslovakia or Yugoslavia, and imported only a monthly average of 874 troy ounces from the Soviets. Following the imposition of sanctions, those figures rose to monthly averages of 147 troy ounces, 179 troy ounces, and 993 troy ounces from Czechoslovakia, Yugoslavia, and the Soviet Union respectively.

During the base period, Mr. Chairman, the United States did not import any palladium from Czechoslovakia. After sanctions, it imported 212 troy ounces per month.

During the base period, the United States imported only 620 troy ounces per month of rhodium from the Soviet Union. After sanctions, that figure was 2,544 troy ounces per month—a 310-percent increase.

During the base period, the United States imported a monthly average of 3,896 troy ounces of palladium bars, plates, et cetera, from the Soviets. After sanctions, the figure was 7,097 troy ounces, which is an 82-percent increase.

Mr. Chairman, rather than going through any more examples of this increased dependence on the Soviet bloc, I would ask that a table outlining the situation of each strategic material be placed in the record following my remarks.

Senator **Simon**. It will be placed in the record.

Senator **Symms**. Suffice it to say that the United States has experienced a 287-percent increase in silver bullion from the Soviet bloc, a 411-percent increase in ferrosilicon with a 30- to 60-percent silicon content, a 70-percent increase in ferrosilicon manganese, a 31-percent increase in aluminum rods under ⅜ of an inch in diameter, a 491-percent increase in wrought aluminum angles, a 219-percent increase in unplated and uncoated aluminum wire, and a 6,411-percent increase in antimony.

The list goes on, Mr. Chairman and members of the subcommittee. I would urge everyone here to look at the table, which I have included. These incredible increases should be enough to shock the members of this subcommittee.

We are not talking about umbrellas, toys, and fashion designs. We are talking about strategic minerals which are critical to the manufacture of everything from bullets, computers, radar, sonar, military vehicles, and other products essential to the U.S. security.

Mr. Chairman, we are talking about minerals which, in many cases, are available only from South Africa and the Soviet Union.

It does not make any difference for the purposes of the Symms amendment, nor does it make any difference for purposes of our security, that increasing United States demands for these goods are resulting in increased imports from South Africa at the same time the imports from the Soviet Union are increasing.

Demand for these substances was increasing during the 5 years before sanctions were imposed, yet the United States was able to turn to South African supplies in order to absorb those increased demands.

That increased demand can no longer be taken care of without resorting to Soviet imports, and that can only be interpreted as a direct result of the sanctions legislation.

The fact is that for the 5 years preceding the sanctions bill, the United States did not find it necessary to import any technical specified rubber or small unwrought aluminum rods, or coated or plated aluminum wire from the Soviet bloc. This was true even when demand for these materials was increasing.

That the United States suddenly finds it necessary to rely on the Soviet bloc immediately after the imposition of sanctions is, in my view, no coincidence.

Neither is it a coincidence that reliance on the Soviet bloc for chrome ore, silver bullion, and ferrosilicon manganese was going up at the same time as South African imports were going down.

Mr. Chairman, our country's security must be the most important consideration in this case. The figures which the Commerce Department has produced pursuant to congressional mandate amply demonstrate that the sanctions legislation now threatens our own strategic security interests. I think that is the underlying point of my testimony. The sanctions legislation is now threatening our own strategic security interests.

Under the circumstances, it is time for the Senate and the President to consider whether those provisions in the antiapartheid legislation, which now threaten our security, should not be suspended.

That basically, Mr. Chairman, is the thrust of my testimony.

I have here the entire list of all of these different products for the record, and how it shows a decided trend of increased purchases from the Soviet bloc. I think that puts us at risk. We should not allow that trend to continue, because then we will have unstable supplies which could not be available if we were to have a confrontation.

I thank the committee very much for its indulgence.

[The information referred to appears in the appendix.]

Senator SIMON. Thank you, Senator Symms.

Are there any questions from members of the committee?

Senator HELMS. I will simply commend Senator Symms for the statement and the obvious amount of work he has done in assembling the statistical information to show what folly has occurred as a result of sanctions.

I thank the Senator very much.

Senator SYMMS. Senator, I thank you for your praise. But, as far as the hard work of getting all of this together, the big share of that credit should go to Andy Jazwick from my staff.

Senator HELMS. Well, then, we thank Andy, too.

Senator SIMON. We thank you, Senator Symms.

As for opening statements, I will enter my statement into the record.

[The prepared statements of Senator Simon and Senator Biden may be found in the appendix.]

Senator SIMON. I will, however, make just a few brief comments.

First of all, I want to commend Senator Lugar for his leadership on the floor, and my colleagues, Senator Kassebaum and Senator McConnell, for their leadership in this matter, where, clearly, we turned around world opinion and particularly African opinion on what we were doing and where we were going.

South Africa is going to have change. It is going to come either peacefully or it is going to come violently. The United States ought to be on the side of pushing for that peaceful change.

There have been some changes within South Africa that are encouraging. We need to encourage more of those changes, and my statement outlines some of those.

There is no question, however, that, in terms of appealing to the international community, we simply have not done what we should in trying to bring about peaceful change in South Africa. Our veto of the United Nations resolution was one such step.

Other things could be done.

For example, Senator McConnell might be interested in this, and Senator Lugar, too, because he is from a coal State.

There is no reason the United States could not be asking our friends in Western Europe to join in a boycott on South African coal. This would be a significant message to the business community in South Africa that change has to come.

I go back to the old days of the civil rights struggle in this Nation, and I can remember when the Birmingham Chamber of Commerce adopted a resolution saying that we ought to get rid of segregation in the South. It was like a bell in the middle of the night. We knew change was coming.

This is because you then had the business community and the religious community combining to resolve that change should come.

I think the same thing has to happen in South Africa. I have had the chance to visit with Bishop Tutu, with Archbishop Hurley, and others on the South African scene. The religious community, including the action by the Dutch Reformed Church in South Africa, the religious community clearly is moving in the direction of change.

The British business community within South Africa is moving there. And now there are indications of movement by the Afrikaaner business community. We ought to be pushing that and pushing it vigorously, rather than dragging our feet.

I hope that vigorous leadership can emerge.

Senator Helms.

Senator HELMS. Mr. Chairman, I thank you very much.

As I indicated earlier, I visited South Africa. We left on August 21 and got back on the August 31, as I recall.

While I was there, I found that the people of all races were very knowledgeable about this business of sanctions.

Now, let me make it clear that I went to South Africa after having received an invitation for 4 or 5 years running during the time that I was chairman of the Senate Agriculture Committee. The invitation was extended by the South African Agricultural Union, which is a group roughly equivalent to the American Farm Bureau Federation in the United States. It has no connection with the government.

It is a private organization representing 75,000 South African farmers of all races, who are producing food for the market.

I never travel at the expense of the U.S. taxpayer, and in my capacity as former chairman of the Senate Agriculture Committee, I traveled at the invitation and at the expense of the South African Agricultural Union.

At the end of the week touring South Africa, I reached the conclusion that it is impossible to exaggerate the extent to which the imposition of sanctions has been counterproductive to the very ideals U.S. sanctions proponents said that they were seeking.

This is a fact of life which is so evident now, a year after the sanctions, as it should have been, in the judgment of this Senator, last year, at the time we embarked on this foolhardy course.

In any case, while I was in South Africa, I moved around freely from early morning to late at night. Mr. Chairman, I sincerely tried to find one working person—a farmer, a miner, anybody—who would tell me that the U.S. sanctions against South Africa had been helpful in any way toward bringing harmony or economic progress or political equity to that troubled country.

I did not find one, including the mayor of Soweto, including the farmers—black, white, colored, and Indian—including the miners.

I walked the streets, and I stopped and asked the average man and woman on the street, What do you think? With total unanimity, they said "No sanctions, no sanctions."

I did not, of course, talk with or meet with the South African Communists or their sympathizers. In my book, the Communists are simply outside of any free dialog, and they are the ones causing the trouble in South Africa right now.

I did meet with people of every other political stripe, from the Labor Party to the Progressive Party, from the National Party to the Conservative Party. Everybody, without exception, had the same conviction. Indeed, it is probably no accident that within South Africa, the primary proponents of sanctions are members of the Soviet-backed African National Congress, the group to which Senator Weicker alluded when he said he had met with spokesmen from South Africa.

Now, I must inject at this point that the African National Congress is the crowd that has been encouraging and participating in "necklacing," the filling of tires with gasoline and putting them around the necks of people who don't agree with them and setting a match to them.

Now, I did not meet with ANC, and I shall not.

Without exception, the people with whom I visited, with whom I talked, denounced the destruction of jobs that, in my judgment, the U.S. Congress callously caused when it so sanctimoniously rejected President Reagan's warning last year that sanctions would create havoc and hardship among the very people that Congress pretended to be wanting to help.

South Africans of all races are emphasizing, now more than ever: One, that jobs are the answer to peace in South Africa; two, with economic progress will come political progress for black South Africans; and three, that we need more investment to stimulate black employment, not disinvestment to destroy jobs.

So, my firm conclusion, and I think it would be inescapable for any Senator who would go to South Africa before this matter is discussed, and do what I did. Don't just fly in and meet at the Embassy with the Ambassador. While it would be fine to meet with him, do not confine your visit to that. Rather, get out there and talk with the working people, the farmers, the miners, the people who have lost their jobs.

My firm conclusion is that the imposition of sanctions against South Africa was a self-defeating study in contradiction.

But I am not going to wrap myself up sanctimoniously and say I am going to destroy your job when I am sitting here comfortably in the U.S. Senate, drawing my pay. I am not going to engage in that hypocrisy.

My experience in South Africa made it demonstrable that most South Africans are working to find a solution to a problem that highly developed countries, like the United States, do not confront. That problem is this.

When you have a Third World economy and a developed world economy side by side, in the same geographic area, how do you establish them in a single political system? That is the problem there.

How do you save political freedoms and the free enterprise system during the transition to a fully developed economy for all?

I think the choice is rather simple: Find a plan which, in the long run, will give freedom and economic development to all, or, the other choice, is destroy the fragile economy which presently is inadequate to bring everyone up to the same level.

Those are the two choices.

Needless to say, the Soviet Union has its own solution about South Africa. They always have. The Soviet Union has been the genesis of the problem there. Destroying the existing free economy in South Africa is the Soviet goal.

Such a plan would not only enslave all the peoples of South Africa, but also have a far-reaching impact on the United States and the Free World, denying, as Senator Symms has pointed out, denying the strategic minerals treasure house to the United States and to the NATO defense forces, while interdicting the strategic shipping lanes around the Cape of Good Hope that keep Europe supplied with most of its oil.

Unfortunately, the imposition of sanctions by the United States is playing into this strategy by undermining the economy that is so important to those people who we claim we want to help.

The Soviet strategy, I say again, is quite simple.

Since 1921, the Soviets have been attempting to exploit the racial differences among the black nations of Southern Africa, turning black against black, as well as black against white. The principal tool for this exploitation in South Africa has been the African National Congress, originally a nationalist group organized among members of the Xhosa Tribe, but later taken over, lock, stock, and barrel, by the Soviet Union, working through the South African Communist Party.

Today, two-thirds of the leadership group of the African National Congress are these Communists, beholding to the Soviet Union.

Now, by contrast, the more numerous Zulus are fiercely anti-Communist and actively pro free enterprise. But, for that reason, perhaps, the U.S. State Department and some Senators won't give the Zulus the time of day. They, the Zulus, are equally opposed to apartheid under their distinguished leader, Chief Buthelezi.

I think, Mr. Chairman, that it is time to confront reality and stop all this posturing and the assignment of the Holy Grail by imposing hardship on somebody around the world in what appears to be a domestic political campaign.

Now is the time to recognize this failed policy. The highest priority should be given to the repeal of these provisions that are so evidently destroying economic progress and hope for hundreds upon hundreds of thousands of blacks in South Africa. This should be coupled with a policy of encouraging private investment in South Africa to benefit South Africans of all races.

One final point and I will be through.

I spent a couple of hours or more in Soweto, in the company of the mayor, and afterward was taken on a tour of that city. There are dwellings of all sort. But of the two dwellings that would be characterized as "luxury homes," one is owned by Bishop Tutu and the other is owned by Mrs. Mandela.

So, I suppose it could be said that they set out to do good and they are doing very well for themselves.

Thank you, Mr. Chairman.

[The prepared statement of Senator Helms may be found in the appendix.]

Senator SIMON. Senator Lugar.

Senator LUGAR. Mr. Chairman, I thank you for your generous comments about the work of our committee last year and commend you for your own advocacy.

Let me review the bidding for a moment. At this time last year or shortly before that, this committee was attempting to listen carefully to many Americans, people of many different persuasions, who testified before our committee.

In our private capacities as well as in our public capacities, we also listened to persons from other countries—many South Africans and many persons from other African nations. I remember distinctly the Eminent Persons Group of the Commonwealth, who came to this city after spending some time in South Africa and who wrote reports on their activities, which I think were meaningful to many members of the committee.

Specifically, I want to draw to the attention of those who are here today the view of the Eminent Persons Group which said that violence of some large dimensions was imminent in South Africa if there were not some sign of hope. They saw in the political calendar our activities, those of the British Commonwealth, the European Community, and various other nations, and felt it was very important that we act if there were to be any hope that would forestall violence.

I will not review all their reasons, but I thought many of them were persuasive.

Let me just say, whether they were persuasive or not, a very large majority of Americans, as represented by Members of the Senate and the House, felt that the Congress ought to act.

We did act, and the legislation that was passed carried by overwhelming majorities in the House and the Senate, and, I would point out, by large majorities of both parties, Democrats and Republicans. It was ultimately the piece of legislation that came from this committee that, graciously, Members of the House of Representatives accepted in conference.

So we came together, it seems to me, with a remarkable consensus.

I would say that the success of the legislation is clear in that our diplomacy and relations with African states have materially improved. Much of the focus today has been on South Africa, and it ought to be. But Africa, as a continent, is important to us.

Many Third World countries are important to us, and we have not done so well, as we ought to have done, prior to the passage of the Anti-Apartheid Act of 1986. But our status materially improved, as testimony from leaders coming to our country from many of these countries has confirmed.

Second, we gave encouragement to blacks in South Africa who, in fact, did know that there was at least a country powerful enough in terms of its own moral, political, and economic leadership, to take the risks that are involved in the passage of such legislation.

I have had innumerable conversations with leaders of other countries who said, simply, that they counted upon us to do the right thing, but they were not in a position to do so. The retaliation against them, if not by South Africa, then by other economic circumstances, was too great. But they counted upon us to be the standard, and they were grateful that we did so. They felt it was timely and appropriate.

I think it was fair enough to say that, at the time of the legislation, we estimated our influence was very limited in South Africa. It was always limited. It is still limited. It may be, as some will testify, more limited still, and that we are not able to rearrange that government and to change circumstances there.

I make that point because some will suggest all sorts of wrenching circumstances in which we might bring people to their senses, but that simply is not in the cards.

But we did argue that we did have some influence and that we ought to use it, and we did so.

I would finally argue, Mr. Chairman, that with regard to whether sanctions have worked or whether they are powerful or not powerful, our sanctions were always very limited. They were very modest. Estimates that hundreds of thousands of persons would lose their jobs or that South Africa would be greatly inconvenienced were always well off the mark, and that would be true even if we had gone the whole gamut of sanctions.

In truth, South Africa has had a fairly good year economically. Through circumstances entirely beyond our control, the price of gold went up, for one thing, which makes a very large difference. In fact, unemployment is down in most sectors. Specific thoughts have been directed to sugar and coal, and they ought to be. We ought to take a careful look at each element of the sanctions legislation and the South African economy.

As a matter of fact, organized labor in South Africa improved its status considerably during the past year—not through anything we did, but largely because these are changing times. It is a very dynamic union movement, moving ahead with encouragement from many persons in this country, including many members of this committee. We see that as a force for democracy in the country.

So, Mr. Chairman, I would simply say that getting into a handwringing over who has lost and won in this situation is not very productive. The economy grew. The question is could it have grown faster? Perhaps. It might have grown much less if there had been a worldwide recession. The dynamics of that economy have certain elements that simply worked for them.

But I would say, Mr. Chairman, that it is important also to point out that the Indaba process in Natal, with Chief Buthelezi, the Kwazulus, people of Oriental extraction, is a very, very promising sign. The South African Government has shown very little enthusiasm for it, but these are arguable situations and that lack of enthusiasm might change. I would hope that our influence would very strongly suggest that this indigenous movement of a multiracial political charter is tremendously important.

I see coming out of South Africa this remarkable book, "After Apartheid: The Solution," a bestseller in South Africa during the past year. For those who have not read the book, it describes the Swiss Canton system essentially as a potential model for political reorganization. That came from South Africa, not the United States.

It is a remarkable document and one that we ought to study, not that we should try to prescribe any particular political system for the country, but we should recognize that there are many ways peace might come with promotion of human rights and democracy. And we ought to be at the forefront of encouraging those ways.

The Anti-Apartheid Act that we passed last year was principally successful in its humanitarian outreach, in legal assistance, in scholarships, in all the ways in which individual human beings in black South Africa were helped. And they have been helped immeasurably not only by the money provided, but by the witness and by the organization that was involved in that act. Some attention ought to be paid to that.

I will conclude by saying that I regret that, even at this late date, the administration, in its zeal to try to debunk almost everything that occurred in the act of 1986, bends over backward into absurdities of description. I feel that that is very sad because in the same testimony Mr. Crocker will give today, there are points made as to why things might change for the better, although one bends over backward to point out that nothing that occurred in the act of 1986 could possibly have been a part of that success.

Mr. Chairman, that sort of testimony and idea really will not work. There does need to be consensus in the country.

My deepest regret is the President did not sign the bill. I think he should have. I argued ardently on behalf of his signature, but was unsuccessful. I regret that lack of success.

But the fact is that a very broad consensus of the American people did favor the legislation, and still do. The fact is that Americans have a humanitarian, generous feeling with regard to the world which transcends our own politics, although it arises from that.

I think we should make no apology for the fact that American idealism—not only of people involved in civil rights group, but those in student groups, in local grassroots groups, on college campuses—is still there.

I would counsel that we need to think carefully as to how that idealism can best be expressed.

In my own view, one of the constructive forces in South Africa remains American business. I appreciate that is a very controversial view. But the act of 1986 was not divestment. It was, in fact, an idea that somehow Americans in business as well as in the social sciences could be very helpful in South Africa and would continue to be helpful if they are encouraged and their ranks refurbished.

I hope that will continue to be our course.

I appreciate your indulgence, Mr. Chairman, in allowing me to make this statement.

Senator **Simon**. Thank you, Senator Lugar.

Senator Kassebaum.

Senator **Kassebaum**. Thank you, Mr. Chairman.

I would just like to say that I think that was a very thoughtful analysis of Senator Lugar, as to what the sanction legislation did accomplish, what has been done and what should be done.

I personally feel that much was accomplished by the sanctions legislation that we passed. It has given us a strong voice and a positive initiative on the African continent, and I think it sent a strong and sympathetic message within South Africa.

Clearly, I do not think anyone should be under any illusion—as has been stated before—that sanctions, in and of themselves, change the course of any government's actions.

I believe we should continue to press forward with diplomatic initiatives in a stronger way, perhaps than we have, using the opportunity of the leverage that we have gained with the sanction legislation that we passed.

But I think the administration, contrary to Senator Kennedy's comment that they have been going back, has a very important initiative, which I think is crucial to the success of the African continent and southern Africa, and South Africa particularly, and that is the strengthening of the Frontline States. Without a strong economy in the Frontline States, they will be very vulnerable to all of the turmoil and tragedy that could occur and that has occurred in South Africa.

So, I think this is a very positive part of the administration's policy that has been pursued successfully.

It is ironic in some ways that the South African economy has grown, as Senator Lugar has pointed out. For whatever reasons, it is projected to be up 1.5 percent from 1986.

I think, and have always argued, as many of us have, that it serves no useful purpose to create an economic shell in South Africa. No one prospers or gains by that situation. I think one would even be hard put to argue that that would bring about the end of apartheid.

But I do believe that we must continue to be supportive of the sanctions package that we have, work to see that we use that leverage, as I say, to press ahead with ways that I think we can continue to be even a stronger voice there, and oppose disinvestment.

I have always felt, again, that this only leads to a counterproductive effort and would not, in any way, bring about further change.

There is a great difference between the sanctions package that we passed and disinvestment. I think it has become intertwined in the thinking of many people. But it is a very separate and different issue.

It is instability that has been the cause of withdrawal of foreign capital, not sanctions, and that instability will continue in South Africa as long as apartheid is a system there.

Thank you, Mr. Chairman.

Senator SIMON. Senator McConnell.

Senator MCCONNELL. Thank you, Mr. Chairman.

I have a statement which I would like inserted in the record.

Senator SIMON. It will be entered in the record.

Senator MCCONNELL. Just let me say briefly that I find myself, even though I was the coauthor, along with Senator Roth of Delaware, of the original bill which, subsequently made its way through the Foreign Relations Committee and into law, I find myself somewhere between the Senator from North Carolina on one side and the Senator from Kansas and Indiana and the other.

I think it is not clear at all whether the sanctions legislation which we passed has had an impact. It is not at all clear whether it has made the situation better or made the situation worse. I think this message has yet to be delivered.

But I an open to considering alterations in the existing law. I certainly think it needs to be fine-tuned in the direction of making certain, to the extent that it stays on the books, that it is directed at South Africa and not America.

With that observation, Mr. Chairman, I will turn the floor back to you.

[The prepared statement of Senator McConnell may be found in the appendix.]

Senator SIMON. We are pleased to have as our first witness the Hon. Chester Crocker, Assistant Secretary of State for African Affairs. Before Secretary Crocker testifies, if there is no objection, we will use the 10-minute rule for members of the committee.

Mr. Secretary.

STATEMENT OF HON. CHESTER CROCKER, ASSISTANT SECRETARY FOR AFRICAN AFFAIRS, DEPARTMENT OF STATE

Mr. CROCKER. Thank you very much, Mr. Chairman.

I welcome this opportunity to testify on United States policy toward South Africa.

I would like to commend to your attention Secretary Shultz' speech of September 29 and my address on October 1 in White Plains, copies of which are appended to my prepared statement.

[The information referred to appears in the appendix.]

Mr. CROCKER. Taken together with the actions of the President in receiving President Chissano of Mozambique on October 5 and the chairman of the Frontline States, President Kaunda of Zambia, 3 days later, they constitute a comprehensive iteration of United States policy toward South Africa's domestic and international situations.

As you are aware, we have severe reservations regarding the use of broad, punitive sanctions as an effective means of hastening fundamental change in South Africa. We have nonetheless fully implemented the Comprehensive Anti-Apartheid Act and devoted substantial resources to monitoring its impact on South Africa.

I would like to depart from my text at this moment, Mr. Chairman, to ask that the following report be submitted to the record. It is a record of all implementing regulations and related materials that concern our putting into implementation the Comprehensive Anti-Apartheid Act of 1986 and the reports that were required by that act.

[The information referred to appears in the appendix.]

Mr. CROCKER. The sobering conclusion of the President's report on October 2 is that the sanctions enacted last year have produced no significant progress toward ending apartheid.

Indeed, we have seen a worsening of the situation in South Africa during this period. The state of emergency has been renewed, restrictions on the press have been intensified, official harassment and detention of antiapartheid activists remains harsh and unrelenting. Leaders of the black opposition remain in jail, while increasing numbers of their followers have, regrettably, accepted the thesis that violence is the only option left for the achievement of meaningful change.

In May, South African whites voted in unprecedented numbers for parties who oppose even cautious reform, and whose policies generate strong antipathy in the West. Government reforms, which already lagged far behind black aspirations, have virtually ground to a halt.

The inescapable conclusion is that we are no closer today than a year ago to achieving the seven key objectives, objectives we fully share with Congress, laid out in the act of last year.

Despite these harsh realities, there continues to be glimmers of hope across the South African political landscape.

Over the course of this decade, South Africans of all races have come to realize that change is inevitable, and that a peaceful transition to a truly representative form of government can only be brought about through negotiation and compromise.

The Dakar meeting earlier this year between the ANC and leaders of the Afrikaaner community was a bold attempt to break down the barriers to communication. The Indaba experiment in Natal, which has been referred to by previous speakers, is another hopeful example of people of all races working together toward genuine powersharing.

Leading Afrikaaners from the Dutch Reformed Church, from the Broederbond, Afrikaan-speaking universities, and certain elements of the National Party itself have broken with elements of apartheid orthodoxy. These trends, most of which took root in the 1980's, remain a powerful force in South African white politics, which we must encourage.

Our actions in South Africa should proceed from and build upon the facts of the situation and our own strong convictions. Secretary Shultz took an important step in this direction in his speech of September 29, when he spelled out in detail our vision of a democratic future in South Africa.

That vision includes a new constitutional order, guaranteeing basic political freedoms and safeguarding human rights, the institution of a democratic and representative form of government, and the establishment of economic rights for all of South Africa's citizens.

These ideas, Mr. Chairman, are not an American constitutional plan for a postapartheid era. Rather, they are meant to challenge all protagonists in the crisis to confront seriously the imperatives of dialog, negotiation, and compromise.

It is not within our power to impose a solution to South Africa's problems; but we do have an obligation to make it clear to all sides exactly what we stand for as well as what we stand against. Specifically, we can and we must encourage white South Africans to shift their attention from immediate problems to the search for a long-term political solution.

At the same time, black South Africans need to bring into sharper focus their broadly defined aspirations for liberation, freedom, and dignity. All sides must understand that violence is not the way to get there.

While last year's sanctions have reduced our access to and leverage with the South African Government, they now form part of our overall policy approach to South Africa. The President's policy has long included carefully targeted sanctions, diplomatic, political, and economic pressure, an active United States presence, governmental and nongovernmental, on the ground in South Africa.

Diplomatic pressure has been used effectively, for example, to discourage South Africa from bellicose posturing vis-a-vis its neighbors, to obtain the release of detainees, including children, and to ease at least some of the harsher restrictions of the apartheid system.

Political pressure has also yielded results when, as in our firm refusal to recognize the so-called homelands, it denies legitimacy to the apartheid system itself.

This message is amplified when we meet with leading opponents of apartheid, when Secretary Shultz presses all sides to abandon hardened, nonnegotiable positions, and when we insist that the South African Government has a special responsibility to initiate a process of reconciliation.

Our political pressure is best summarized in the words of President Reagan when he declared, and I quote: "The United States cannot maintain cordial relations with a government whose power rests upon the denial of rights to a majority of its people based on race. If South Africa wishes to belong to the family of Western nations, an end to apartheid is a precondition."

Our multifaceted policy requires contact with all actors in the South African drama. As white South Africans come to share the democratic ideals laid out in Secretary Shultz' recent speech, we have an obligation to lend them our support and encourage them. If they reject our premise, we must confront them with the force of our ideas and our refusal to disengage.

More, rather than less, interaction is essential if we are to make our influence felt. Ostracism simply encourages the hardening of policies.

An essential component, Mr. Chairman, of our policy is vigorous involvement in assisting the victims of apartheid. The aid program we initiated earlier in this administration reaches out to all elements of the disenfranchised majority. This program was authorized at generous levels last year, but was seriously underfunded at less than one-third of the amount authorized by Congress. It deserves strong congressional support.

Encouragement to United States business in South Africa is another way of ensuring that Americans contribute to the economic empowerment of black South Africans. The growing leadership and organizational skills of black organizations—labor, business, religious, and cultural—have already done more to alter the basic premises of apartheid than any combination of punitive measures could hope to accomplish.

It is important that these black organizations have a fully engaged ally in South Africa in United States employers and other United States entities committed to promoting equal opportunity, developing managerial and technical skills, building black economic muscle, and pressing the South African Government to end its discriminatory practices.

Because the turmoil in South Africa has repercussions beyond its borders, neighboring states are also at risk. Our economic and strategic interests dictate an active and vigorous United States effort to assist these nations as they work to reduce their vulnerabilities to South African counterpressure.

Congress has a leading role to play in this regard.

In conclusion, Mr. Chairman, there can be no doubt, no doubt whatsoever, about American opposition to the brutality, the degradation, and the sheer wastefulness of the apartheid system. Now, more than ever, United States policy toward South Africa needs to be steady, coherent, and bipartisan.

We have an obligation to speak clearly because we Americans agree overwhelmingly on what we oppose and on what we favor in South Africa. We also have an obligation when there is such a consensus not to make matters worse in South Africa by conveying a false impression of American division and partisan wrangling.

I believe that we, the administration and Congress, are finding common ground and can work jointly to promote our shared goals.

Thank you.

Senator SIMON. Thank you, Mr. Secretary.

First, I want to join Senator Kassebaum in saying that your encouragement to the Frontline States is clearly a step in the right direction.

There is concern that we are not following through to let our friends in South Africa know firmly that we want change.

The report states, and I will quote the report from the President, "Pretoria seems less inclined to consider external views than previously was the case."

I am not aware that Pretoria was paying much attention to us before. Do you have any solid evidence that we were having some influence?

Mr. CROCKER. Mr. Chairman, our purpose here today is in response to your invitation and the mandate in the law to report on the effect of 1 year of its implementation. That is why we are here today.

We are not here to revisit last year's debates or to claim that 1 year of this, compared to other years of another approach, leads us in the position of making definitive judgments.

What we are saying here today is that we believe our influence, as stated in the President's report, vis-a-vis the South African Government, has been somewhat eroded.

Yes, I can point to concrete cases in the past, when we would weigh in, make demarches and representations on behalf of detainees, for example, on behalf of trying to stop a specific action that we found outrageous, a forced removal, for example, or an effort to stop a pattern of regional behavior that we could see coming or that we sensed might be coming.

The point that we are really making and that the President is making in his report is that, in general, the atmosphere in South Africa, amongst its leaders in the government, is one of saying "OK, you Americans have done your thing, you have shot your wad," you have taken a step which is, in a sense, punishment, and so they feel somewhat more inclined to do what they think they ought to do for their own reasons, ill-advised as it may be, Mr. Chairman.

We have sensed some of that atmosphere. We don't take any pleasure in saying it. The best thing that could possibly happen is if we could get back to a pattern of responsiveness in both directions.

Senator SIMON. If I may follow through, I am sure that Pretoria would prefer that we just do nothing, that we just sip tea and visit about whatever the latest social gossip may be. But, in concrete terms, I had the sense that progress was not being achieved, that we were not getting anywhere.

I think this was the feeling, a bipartisan feeling, on the part of Members of Congress, that we were not standing up, that change was not being achieved in South Africa.

But you are claiming that we were having influence before which we have lost. Is that correct?

Mr. CROCKER. The President's report indicates that we feel we have seen some degradation of our diplomatic influence at the government-to-government level. Obviously a complex statement lies behind that, Mr. Chairman. It is never easy to know in a concrete case precisely what are the factors that lead to a decision by another government, and we do not try to make that case in explicit terms.

What we do say is that the atmosphere has changed, the responsiveness has changed, and we regret that. We hope it will return to a more positive interaction between the two governments on issues that we really feel very strongly about.

We would like to get the remaining detainees out of jail, for example.

Senator SIMON. Are we pushing individual cases and individual actions as vigorously as we were before sanctions were imposed? I am talking about the United States.

Mr. CROCKER. As South Africa has gone through a period of unrest since late 1984 up through today, we push on every door we can to get things done. We pursue all of those agendas on human rights cases, cases of detention, with the utmost vigor.

That is why we have a substantial diplomatic establishment in South Africa and why we interact with them here.

Not a week goes by in which we are not making representations to the Government of South Africa on things that we hear about which, if you heard about them, you would also want us to make representations about, Mr. Chairman.

Senator **Simon**. The Secretary of State appointed an advisory committee on the South African situation on December 19, 1985. It was a distinguished committee.

That committee gave a report that clearly calls for stronger action than is forthcoming from the State Department at this point.

How carefully was this report evaluated? Was it simply brushed aside? Did you and the Secretary and others take a good, hard look at their recommendations?

Mr. **Crocker**. Mr. Chairman, as we said at the time it was issued, we intended at that time and we have since taken that report very seriously. The Secretary valued the counsel of those people. I think as we said publicly at the time, there is much in it that we could agree with. There were recommendations in it that we could not agree with. And, in any event, by the time it was issued, some of the key recommendations were already overtaken by events in the sense that the Congress had taken its decisions last fall, decisions which are incorporated in the Comprehensive Anti-Apartheid Act, which I would point out includes strong iteration of goals that all Americans share, which reaffirms things which we had been doing, and, therefore, gives them a bipartisan endorsement.

Reference was made to the Aid Program for Disadvantaged South Africans, something started under this administration in the early 1980's, and endorsed, in fact, by the Congress, endorsed by the Secretary's advisory committee.

So, as the events on the ground have evolved, for the most part negatively in the last few years, yes, we are looking at additional ways to bring our influence to bear and will continue to do that.

But the short answer is "Yes, we have taken this report seriously."

Senator **Simon**. One of the points they make, one of the points the GAO discusses in its report, which I have just had a chance to see for the first time today is the following. In the advisory committee report, for example, they say that concerted international pressure must be an integral part of any effort to bring the South African Government to the bargaining table.

What are we doing to get that concerted international pressure that really is meaningful, something more than just a paper resolution or something, on the Government of South Africa?

Mr. **Crocker**. Mr. Chairman, we reported to the Congress in the report required under Section 401 of the Comprehensive Anti-Apartheid Act in considerable detail about our international discussions with key allies in other countries. What we are doing with them are efforts to concert with them.

It falls into several areas. We work very closely with those fellow Western countries which have the most at stake and which are best informed about the situation in South Africa, to share assessments, to make sure we are on top of the situation, to compare our readings.

Second, we work with them in terms of what kind of common actions, parallel or joint, would make sense. And, of course, there have been cases of joint action, where we make demarches together, for example, on issues, or where we make them separately, but on the same issues with the same points.

We have compared notes extensively and exhaustively with these key allies on what further steps of a diplomatic nature might be useful and when would they be useful and launched by whom.

This kind of thing goes on on a regular basis.

Not a month goes by when we are not talking with our key allies about these issues. So we do a lot of them.

Senator SIMON. May I be more specific?

For example, the amount of trade between Japan and South Africa is huge. Are we discussing this problem with Japan? Are we saying to Japan, What are you doing to put some pressure on South Africa?

Mr. CROCKER. Mr. Chairman, I think there are two points that need to be made on the issue of Japanese trade.

As we have seen some reduction in our own economic transactions with South Africa, it is only natural that other countries are going to fill a market if the market is there to be filled. But, second, and I think this is more pertinent to the Japanese case, the value of the yen vis-a-vis the dollar accounts for most of the rise, if you will, in Japanese-South African trade. It is really a currency matter and not an increase in volume.

There are specific areas where we share a strong view—for example, the arms embargo—where, of course, we would talk to the Japanese about that if we had any reason to believe that they were moving in such a way as to not adhere to it. But we are not asking the Japanese to engage in punitive import bans vis-a-vis South Africa, because we do not think that is the right way to go.

Senator SIMON. So, your answer really to me is that we are not saying anything to Japan about the whole South African situation?

Mr. CROCKER. We meet with and talk to the Japanese on a very regular basis about South Africa.

Senator SIMON. Do you just exchange information about what is going on? What do we suggest to Japan in specific terms that they ought to be doing?

Obviously, you say that we are not suggesting that they join the United States in having some kind of meaningful action that would be felt in South Africa. What do we suggest to Japan?

Mr. CROCKER. Well, we discuss with them such things, for example, Mr. Chairman, as the nature of their assistance program in South Africa.

The Japanese, like many other countries, have moved to follow what I think is a proud American lead, in terms of building up assistance projects in the field of legal aid, education programs, training programs, and so forth in South Africa. The Japanese have been very interested to discuss that kind of thing with us.

Second, we talk a lot about the region. And, as has been indicated by previous speakers, South Africa is not an island. It lives in a region. And we are very eager and have encouraged the Japanese, for example, to explore expansion of their economic efforts with the Frontline States, which, indeed, they are doing. It is a very positive thing, we hope.

Senator SIMON. Mr. Secretary, my time is up.

I guess there is concern on the part of some of us on the committee that we are not doing precisely what your advisory committee recommended, that we work together with other nations. That was the sense of Congress, and, while it is true, it was not a mandatory thing on the part of Congress, it was voted by a two-thirds vote with a majority in both parties feeling that we ought to be working with other countries much more than I think we clearly have been during this past year.

Senator Helms.

Senator HELMS. Thank you, Mr. Chairman.

Mr. Crocker, you were before this committee on June 24, and I indicated to you that I would like to submit some questions to you to be responded to in writing.

Now, on June 24, the subject was Mozambique. It took you about 6 weeks to get any answers to me, and, even though I am your friend and we try to work together, I was not satisfied with the way you evaded and avoided answering the questions.

I am going to resubmit these questions today if you will agree that this time you will answer them.

If you want me to be specific, I will.

For example, I asked you to provide a chronology of all State Department contacts with the African National Congress, as well as a chronology of State Department contacts with RENAMO in Mozambique.

You did not answer that.

Now, can I ask you this time, if I submit it in writing, will you answer the questions?

Mr. CROCKER. We will do our best, Senator. We try to answer promptly, and, as long as the budget crisis does not get too bad and we don't have too many cuts up there, up the street, why we will do our best to get you prompt answers.

Senator HELMS. Well, you know, budget cuts have very little to do with it. You are still getting your salary, aren't you? [Laughter.]

Mr. CROCKER. This month, yes, sir.

Senator HELMS. And your secretary is still getting hers. Okay.

I will take that comment at face value.

I also asked you for some specific information with regard to you and your bureau's alleged interference with the operation of Radio Marti in southern Africa. Do you remember that?

Mr. CROCKER. I remember the question, sir, and I believe also the answers.

Senator HELMS. Now, I will not go into this publicly too much if you will agree this time to answer the question.

Let me tell you why it is important to me and I think I ought to say it for the record, Mr. Chairman.

The Chairman of Radio Marti, Jorge Mas, whom all of us know, wrote to President Reagan back on June 4, and I think I ought to read a couple of paragraphs to tell you why and illustrate why I think it is important that you answer the question. Either he is right or you are right. But both of you cannot be right if you say that you did not do this.

He says:

> Dear Mr. President, Radio Marti's coverage of events in Angola is an important part of its congressional mandate to inform the Cuban people of events of interest to them. Over the past 12 years, more than 400,000 Cuban troops have served in Angola. At any one time, there are between 35,000 and 45,000 troops there. When compared to the U.S. population, this is more than twice the number of United States soldiers serving in Vietnam during the peak of United States involvement. Yet, the Cuban people are told virtually nothing about events in Angola by the Cuban Government. One of the most valid and justifiable services that Radio Marti can perform is to let the people of Cuba know what is happening to their family members and fellow countrymen in Angola.

His second paragraph reads:

> However, Radio Marti has met with opposition from the State Department in its attempts to cover this important subject. Assistant Secretary for African Affairs Chester Crocker has systematically opposed Radio Marti's efforts to cover Angola, maintaining that Africa is outside the scope of coverage of Radio Marti. Specifically, Chester Crocker blocked a trip to Angola on March 4, 1987, by Radio Marti's news director hours before he was scheduled to leave, et cetera.

Now, I have several questions, including this one: Are you aware that Public Law 94-350 requires independence in the news coverage produced by Radio Marti?

Now, Mr. Chairman, I will not go further than this except to emphasize to my friend, Secretary Crocker, that I would like to have answers to my questions this time.

Mr. CROCKER. Senator, obviously we fully recognize and support the independence of the radio. There is not anyone, I do not believe, in this room who has worked harder for Cuban troop withdrawal from Angola than me. We are trying to do it in every way we know how.

We have encouraged the radio's coverage of Angola, and there are some misunderstandings of facts in the documents from which you have just cited. We will be happy to answer in detail what the record indicates.

Senator HELMS. All right.

Mr. Chairman, I will submit these questions again in writing.

The Washington Post had an interesting story by Stuart Auerbach about the Japan matter, and perhaps the chairman, since he raised the question, would like to insert that into the record.

Senator SIMON. It will be entered in the record.

[The information referred to appears in the appendix.]

Senator HELMS. Did you read the story, by the way?

Mr. CROCKER. I'm sorry, but I missed the citation.

Senator HELMS. "Japan Outstrips United States as South African Trade Partner."

Mr. CROCKER. Yes, sir.

Senator HELMS. Was it essentially correct?

Now that is asking a lot for the Washington Post, I know. [Laughter.]

Mr. CROCKER. The trade data I would want to check. But, in terms of the basic fact, whether we have been overtaken as the No. 1 trading partner in both directions, that is correct.

Senator HELMS. I believe you said that the value of the yen had something to do with it. Maybe we could get into tonnage and that sort of thing.

Robert Mugabe's one-party state in Zimbabwe and his state-run press have announced that Reverend Sithole will be imprisoned if he returns to Zimbabwe.

The State Department's support for the INS decision to deny him asylum seems to me to be completely inconsistent with the criteria for granting political asylum.

This criteria, and I quote, state that there must be, "a well-founded fear of persecution if he returns to his native homeland."

Now, as a matter of fact, the government-controlled press in Zimbabwe has published a prediction that not only will Reverend Sithole be imprisoned, he will be executed when he is returned.

Now, my question to you is this, Do circumstances not indicate that Reverend Sithole qualifies under the well-founded fear of persecution category?

Mr. **Crocker**. Senator, let me say a couple of things on this issue.

First, there is no question whatsoever of Reverend Sithole being shucked out of our country or sent back to Zimbabwe. There are many bases on which he could remain here.

So, the only issue that is under review is the question of political asylum as the category for his remaining here, the immigration category. There are other ways that a man or woman could stay here in such circumstances if they qualify, as, indeed, he would.

But the determination of this case has not been made. It would be very clearly our view that if there were a credible risk to the person involved of persecution, we would not subject someone to that. So I think it is just a question of establishing the facts. We have put some ideas forward. But the issue is basically being considered now by INS and by Justice, and that is where the matter resides.

So there is no decision. There is no decision to deny.

Senator **Helms**. Well, I have been working with the Justice Department and others on this. My information is that Reverend Sithole need not pack yet because there has been a sort of turnaround in attitude somewhat, and I hope you played a part in that.

Mr. **Crocker**. We watch the situation very closely. The last thing we would want to see happen is someone sent back from our shores who winds up incarcerated in some other country as a result of our action. That is not the way we do things.

Senator **Helms**. I recall what has happened to Bishop Muzarewa. If there ever was a friend to the United States, it was he. We sold him down the river. I don't want to do that again or have this Government do it again.

Last year—I see by the lights that I do not even have enough time to begin this question, Mr. Chairman. I might come back to it later. I don't want to intrude beyond my time.

Senator **Simon**. Senator Kassebaum.

Senator **Kassebaum**. Dr. Crocker, you said that the administration does not want to reopen the sanctions debate, and I think that is a very good point. I would just like, if I may, to read from a paragraph in the report on sanctions, however, and ask for some clarification perhaps.

It said:

> Because of the President's conclusion that the economic sanctions embodied in the 1986 act have not been effective in meeting the goals on which the Congress and the

administration agree, and his conviction that additional measures would be counterproductive, the President recommends against the imposition of any additional measures at this time, including those mentioned in section 501(c) of the act, and continues to believe that the current punitive sanctions against South Africa are not the best way to bring freedom to that country.

It is not a terribly clear statement. I suppose it is a grudging sort of acknowledgement that they are there and that he does not like them.

But I was hoping that you could clarify how the President feels about the current sanctions, and perhaps more importantly, does he at this time support the continuance of the sanctions in place, or does he support the repeal of the sanctions?

Mr. Crocker. Senator Kassebaum, I think the President's position, if you strip away the various paragraphs of this report, is that sanctions are one element of a much, much bigger picture, called our foreign policy toward South Africa; that they are one element which has been, in this country, blown out of all proportion. We have been through a painful and sometimes divisive debate about it.

But, leaving sanctions aside, there are so many other things we could be, should be, and are, doing.

So, he puts the emphasis on that, while stating that the sanctions are the law of the land and that they have been rigorously and faithfully implemented, which is the case.

We have had this debate. The sanctions have sent the messages that they have sent. No one is denying that. The results on the ground are what they are. No one is denying that either—the results on the ground in South Africa.

We feel, the President feels, that it would be inappropriate to go for further sanctions in light of what we have already seen. But, at the same time, the President is not seeking their repeal.

This issue has come up and it is his decision.

We have had a number of high-level visitors from Africa for the U.N. General Assembly and individual visitors to Washington recently, such as President Kaunda and President Chissano. The question came up.

These leaders did not say "We want you to triple your sanctions." They did not say "We want you to add," you know, "three more items to the bans on imports," Senator. These leaders said "We think that it was useful to send that signal." Our President's response was "I am not going to repeal them; I am not seeking their repeal."

That is where the matter stands. They are part of a policy.

Senator Kassebaum. The report also states that what we need now is a period of active and productive diplomacy, and to move forward.

I would argue that the sanctions we have passed have strengthened our hand in being able to conduct some productive diplomacy.

I wonder if you could specifically give us some ideas on what the administration may have in mind on the diplomatic front in the coming year.

Mr. Crocker. Senator, I do not want to take issue with your opening point there, about whether or not the sanctions have facilitated some diplomatic openings. We say in the report, the President's own report says that for some people in Africa who are looking for a signal, that access has been expanded to such people.

Frankly, the reason why that is the case is because of them being so dug into their position that sanctions are the answer and so forth, that when there was a move here, they said "OK, fine, let's get on with the real business at hand, which is not sanctions, but diplomacy."

In any case, we are not seeking to debate that. What we are saying is that we need to focus on how we can bring parties together, how we can help them to think through and find common ground.

A clear example, of course, is the Secretary's speech. He has laid out something in that speech which is a powerful American and Western statement of what democracy is and what it means.

It has had very interesting responses. It is, without any question, provoking debate and discussion within African states, within the ANC, the UDF, Inkatha, and other black organizations in South Africa.

They have not rejected it. They have said interesting things, some of them positive, about it. And, interestingly, so have many white South Africans, and individuals in the Government of South Africa.

So, what we are trying to do is to get people to think about their platforms and positions for a negotiation. At the same time, we are trying to get people to actually talk.

We have spent a lot of time, Senator, on the issue of getting political prisoners out of jail. We all know that one of the major obstacles is the presence in jail of Nelson Mandela and other major figures.

This is because if those leaders do not get out of jail, it will be hard for anyone else who is credible and serious to join in the negotiating process.

We are working to pursue that agenda with the South African Government, with internal and external black opposition groups. We are trying to find and help to shape a package of moves that might lead to that kind of breakthrough.

I do not say that we are the only ones. But I see us focusing a lot of our attention on that.

Third, of course, is the regional agenda of trying to build and strengthen security across borders. It has been a rugged period. We have had an awful lot of cross-border violence, but we have not walked away from that agenda. We have spent a lot of our time on it.

So those are some examples, some ideas of what we intend to do.

I would come back again to the aid program, which you cited, Senator. It is absolutely central. We talk about black empowerment and black building institutions. We should not just talk about it. We should back it—back it with substantial resources. As our private sector has been doing for years, we, as a Government, should be doing, and give support to the Frontline States.

Those are the elements on which I would focus.

Senator **Kassebaum**. Do you see the OAU as being an effective force?

Do you have any idea what particular group could help be a catalyst at this point? I am thinking, again, of the release of the political prisoners, which I happen to have believed for some time is very important in order to get any sort of negotiation process going between the different factions.

Mr. CROCKER. Senator, the OAU itself would be kind of unwieldy, I suspect, but the leader of the OAU at any given point is an individual with whom we spend a lot of time about exactly these issues, particularly when the leader is a man of such distinction and such experience and, if I may say, such wisdom as the current incumbent, who lives right in the middle of the maelstrom, who has, in the past, taken significant political risks for southern Africa, and has met with the South Africans. This is something that not every African leader is prepared to do. He has received emissaries from the various parties and has the ANC headquartered in his capital.

So, yes, indeed, we work with the OAU Chairman. We work, as I mentioned before, with our allies, some of whom are well placed.

Senator KASSEBAUM. Excuse me. I know that we are working with them. I am asking you if you see them being able to have the ability or the strength to be a catalyst, or what group there might.

I think that is far more a key than just ourselves. We must encourage support, yes. But is there some group that has that ability?

Mr. CROCKER. I take your point, Senator.

We have long believed that African leaders, African governments, have a critical role to play in the evolving South African crisis, and that, as it comes close to a solution, that role may grow. That is a short answer.

Because they are neighbors, because they have so much at stake, because they are the first to say, when the subject comes up, that all South Africans are Africans, and they don't want to chuck them in the sea, any of them, therefore an African effort would be one that we would fully support and we hope there would be more of it.

I might just also mention the Commonwealth, which is another organization or institution that has a great deal of credibility on these issues.

Senator KASSEBAUM. Thank you.

Senator SIMON. Senator Pressler.

Senator PRESSLER. Thank you, Mr. Chairman.

I have been trying to get an assessment of what has been happening in South Africa since sanctions were imposed, and I strongly opposed the sanctions that our Congress passed. The President vetoed the sanctions legislation and the veto was then overridden by Congress.

Now, since that time, the elected government of South Africa has actually moved to the right, if we could use that term, in terms of election results. It has actually gotten less "liberal," so to speak. The people elected would seem likely to engage in reform.

Is that a fair assessment?

Mr. CROCKER. Senator, I think it is a fair assessment. I do not take any pleasure in saying that, but the official opposition is now to the right, instead of, as in the past 35 years or so, on the left.

The government itself seems very, very preoccupied by that right wing official opposition in parliament.

To take a concrete case, we had hopes that there might be progress and we have worked for progress on scrapping the Group Areas Act, which is the act that allocates land and residential rights by race and tribe.

There was a report that came out of a government commission or body that addressed the Group Areas Act, but the government appears to be extremely cautious in making any tentative moves forward.

So, the short answer is that I agree with the point in your question.

Senator **Pressler**. On another area, the overall economy of South Africa has grown, I believe, since sanctions were imposed, in spite of sanctions, but black persons have been hurt overall.

Would you agree with that assessment—economically?

Mr. **Crocker**. I would not paint too bullish a picture about the South African economy in the past year. If it has grown at 1.5 or 2 percent, that is slower than it probably would have grown in the absence of some of these sanctions measures that we and other countries have taken.

It is not a bullish, roaring economy. The gold price has helped it.

But there is a situation of uncertainty, lack of confidence, no new money coming in, some sanctions pressures, and what have you.

It is our assessment that blacks are the first to be hurt in those circumstances. Because many of the trade flows have been diverted elsewhere, the amount of unemployment created I would say is not massive. But there is some unemployment created, in, let's say, the fishing industry or some of the agricultural industries, such as sugar.

Senator **Pressler**. The sanctions that our European allies have put on, are they real sanctions, or are they protectionist measures that benefit the European economy as much as anything?

For example, South African Airways flights—what is your approach to them? We have used some sanctions there. What has Europe done?

Mr. **Crocker**. No major European country has banned air links, to my knowledge.

Senator **Pressler**. So, you could actually say that they have benefitted from our steps, our European allies? Also, in terms of their coal and their practices of importing energy, what sanctions have the European countries put on that would have teeth in them?

Mr. **Crocker**. The European Community put together a package. We have reported to Congress in detail on it. I am not sure that I have it all in my memory.

They have not banned coal imports, which is one of the items that we have in place.

Senator **Pressler**. Why would that be? Why would they not have banned coal imports if they feel strongly about the South African situation?

Mr. **Crocker**. Because South African steam coal is very important to European economies. That is No. 1. Second, it competes against Australian, Polish, and other coal, and they would just as soon have competitors so that the price stays lower.

Senator **Pressler**. That's right.

The point I am making is that the Europeans have made some very principled statements to us about this. It seems very ironic that they would continue to import coal.

Mr. **Crocker**. I think their view is that they want to have their trade patterns continue.

Second, they do not think that these import bans are the way to go. Several European governments took a very strong position against a coal ban on the grounds of what it would do to South African coal mining, an argument that we, ourselves, made last year, as you will recall.

Iron and steel were banned as imports by the European Community. That, I think, is the major import ban that they have in place.

Senator **Pressler**. There they are just trying to avoid competition, are they not?

Mr. **Crocker**. One could make that argument, Senator. Yes.

Senator **Pressler**. I find the European position on these sanctions very hypocritical, very frankly. That is this Senator's view of it.

How much money has the African National Congress received from the United Nations and its affiliated agencies?

Mr. **Crocker**. I am not aware of direct subventions of that nature from the U.N. system, Senator.

I would have to get that for you. If you were looking for data about indirect things, for example, the ANC has an observer office at the U.N., that kind of thing. But I do not know of direct subventions.

[The information referred to appears in the appendix.]

Senator **Pressler**. How much money, military support, or other assistance has been provided by the Soviet Union?

Mr. **Crocker**. The ANC receives the bulk of its military assistance from the Soviets and their allies. It receives financial support generally from the East, but also from a number of Western countries and private organizations in the West.

We could get you something more precise than that if you wish, for the record.

Senator **Pressler**. Yes, I would like to get that for the record.

[The information referred to appears in the appendix.]

Senator **Pressler**. What other nations or organizations provide assistance to the ANC?

Mr. **Crocker**. I think this was addressed in part in our report to the Congress on the ANC, which was submitted some months back.

Again, we can get you specifics on it. There are countries in Europe.

Senator **Pressler**. Just off the top of your head, what are the principal ones, and then fill in the details for the record later.

Mr. **Crocker**. I would guess the Nordic countries, some of the EC countries.

[The information referred to appears in the appendix.]

Senator **Pressler**. The Nordic countries are providing assistance to the ANC?

Mr. **Crocker**. Yes, sir.

Senator **Pressler**. And also buying coal from South Africa at the same time.

Mr. **Crocker**. I would have to check on which ones do, but there might be some overlap there, Senator.

Senator **Pressler**. Press reports have noted that the ANC terrorists are often trained by or alongside terrorists from the PLO. Statements of mutual admiration and support are made by officials of one organization about the other.

What is the connection between the ANC and the PLO?

Mr. **Crocker**. I am not aware of a treaty or something of that kind between them. There may be some overlap in the countries that offer them support, certain in terms of support and perhaps training as well.

Senator **Pressler**. I would like to ask about an amendment that I had last year regarding U.S. aid, an antinecklacing amendment. It was changed somewhat in conference, though it was passed in the Senate. How is that being administered and what criteria has the administration used in making a determination that seven southern African countries were still eligible for U.S. aid?

In particular, how does Mozambique comply?

Mr. **Crocker**. Senator, we filed a report with the certifications with you. I believe you have communicated certain additional questions back, which we are in the process of answering.

Basically, the certifications required us to make a series of judgments. I do not have them all right in front of me. But our data base was what we knew directly from our own information, unilateral information, as well as things which the governments concerned said to us in response to our direct questions.

In both cases, Mozambique did comply.

Senator **Pressler**. With regard to Zambia, which I believe serves as the headquarters in exile of the African National Congress, how can Zambia possibly comply with the provisions of the act, which include a requirement that the country is not knowingly allowing terrorists who practice necklacing to operate in its territory?

Mr. **Crocker**. Well, the point I thought in your amendment, Senator, was that countries that host the ANC not permit necklacing to be planned or carried out from there, or if people who had conducted it were to return to there, they would not be allowed to stay.

Senator **Pressler**. Would you say that Zambia is the headquarters in exile of the African National Congress?

Mr. **Crocker**. The political headquarters, yes, sir.

Senator **Pressler**. Well, would that not disqualify Zambia?

Well, let me ask you this, Does the African National Congress encourage or practice necklacing?

Mr. **Crocker**. This has been a very interesting question, and they have been asked about that matter a number of times.

The most recent information that I have for you on it is that the President of the ANC has called for an end to it, which is the first time that he had done so. It is interesting that he did that many months after the trend in South Africa itself on necklacing was dramatically down.

Our information, which comes from South African official sources, is that the number of necklacing incidents is dramatically down this year.

That suggests to us, if I may finish the point, Senator, that it is unclear whether the ANC was the source of the idea of whether they were playing catchup with what was going on on the ground in South Africa.

Senator SIMON. If the Senator would conclude his questions, we would appreciate it. His time is up.

Senator PRESSLER. Will we have a chance for another round?

Senator SIMON. We will make another round if it is needed.

Senator PRESSLER. All right. I will just ask one more now.

I gather, by its omission, that Zimbabwe was found to be in violation of the principles set forth in my amendment.

What specific policies of the Zimbabwe Government eliminated its eligibility?

Mr. CROCKER. Senator, the Government of Zimbabwe has not failed our test in terms of what its actions are. What it has done is to refuse in principle to provide a direct statement to us in response to our question, because of its view that the source of the violence, the killings, the terrorism, the necklacing in South Africa is in South Africa, not in the neighboring countries.

So, the Zimbabwe Government has said that it cannot and will not provide that assurance. But at the same time it has said that it does not approve of the practice and is not encouraging the practice in any way.

So, for that reason, we did not include them on the list of certification countries.

Senator SIMON. Mr. Secretary, I have just one question.

Senator Pressler asked about coal. I notice in this morning's Washington Post story it points out that Japan bought 20 percent of South Africa's coal exports last year, worth $1.57 billion.

Is the administration at all considering asking our friends to stop buying South African coal so that there would be some pressure on that government, so that some pressure would be felt, so that peaceful change could come about?

Mr. CROCKER. Senator, the main beneficiaries, if that were to happen, would be the Poles and the Australians, who would have the chance to flood or come into the Japanese market. The main victims, if that were to be done, would be the constituents of Chief Buthelezi, the Indaba process in Natal, and the black coal miners, whose fates we risk taking very lightly here, it seems to us.

So we would have real reservations about that course of action.

It does not mean that we are not urging the Japanese to bring appropriate signals and pressures to bear, which we are sure they do, in their own contacts with South Africa.

I just think that we are getting distracted by the one issue of sanctions, as though that were the only way you could press somebody.

I return again to what President Reagan said in a speech that I quoted in my opening testimony. He is saying to South Africa, the President of the United States, that this nation cannot be part of the civilized community of Western nations as long as these policies continue. That is pressure. The Japanese can do the same.

Senator **Simon**. I guess my response, Mr. Secretary, is those are words. What we fail to see, some of us, is some sense of urgency on the part of the administration, some sense that South Africa really is drifting toward unbelievable violence, and that it is going to have to take a jolt from the West, from the nations of the community of nations, to South Africa, to say maybe we had better change our policy.

Anyway, I understand what you are saying. You have to understand that there are a great many of us in Congress, in both political parties—though it is not unanimous, Senator Helms—but there are a great many of us in both political parties who are deeply disturbed by a lack of the sense of urgency on the part of the administration in this situation.

Senator Helms.

Senator **Helms**. Do I take it that we are on the second round?

Senator **Simon**. We are on the second round.

Senator **Helms**. Well, then, I will not take my full time.

I want to bring this up while Chet Crocker is here.

Amidst all the discussions and comments about sanctions against South Africa, I feel there should be no dispute about the unreasonableness of applying sanctions under this act to Namibia.

Now, Namibia is not a part of South Africa. It never has been. We don't recognize the Government of Namibia, but we ought to. It is a multiparty, nonracial government, which includes representatives of all parties, except for SWAPO, which is the Communist-backed terrorist group, which seeks total control of that country.

The Government of Namibia has offered to enter into negotiations even with SWAPO to allow SWAPO to participate in the democratic process and to seek an end to violence.

The Government of Namibia has enacted laws abolishing all forms of apartheid in Namibia. It has imposed criminal penalties for racial discrimination, released all political prisoners. It has established a democratic form of government.

No political movement is banned in Namibia, including SWAPO, and, indeed, SWAPO has held several public meetings in the past year.

Do you agree that all of that is accurate?

Mr. **Crocker**. Senator, yes.

We share the view about the application of the bill to Namibia in the sense that we regretted it last year. It is now the law.

Senator **Helms**. Fine.

Thus, Namibia meets all the tests in the Anti-Apartheid Act, so there is no rational reason, it seems to me, for continuing sanctions against this country. The sanctions are arbitrary and unnecessary.

The reason I bring this up is twofold. First, Secretary Crocker is here. Also in this room I believe is the Minister of Justice of Namibia, Mr. Kozanguizi. He has been in town all of this week.

He has given me a comprehensive statement setting forth the undeniable progress that Namibia has made in eliminating all forms of apartheid.

May I ask, as a personal privilege, if the Minister of Justice is here?

[A member of the audience stood.]

Senator **Helms**. Yes, he is.

I thank the Chair for allowing me to do that. Personally, I welcome you.

Now, he is not a U.S. citizen, and he cannot testify before this committee under our rules, as the distinguished chairman knows. But I would like to ask unanimous consent, Mr. Chairman, that the statement given to me by Mr. Kozanguizi be made a part of the record this morning.

Senator SIMON. It will be.

[The information referred to appears in the appendix.]

Senator HELMS. I also would like to advise Senators that today I am going to submit to the Senate a comprehensive sense of the Senate resolution commending the progress in Namibia and urging the President to lift sanctions off the back of that country under the authority in the Anti-Apartheid Act.

I would also appreciate, Mr. Chairman, having the text of my proposed resolution be made a part of the record this morning.

Senator SIMON. It will be entered in the record.

[The information referred to appears in the appendix.]

Senator HELMS. I thank you very much.

I yield back the balance of my time.

Senator SIMON. Senator Kassebaum.

Senator KASSEBAUM. I have no further questions.

Senator SIMON. Senator Pressler.

Senator PRESSLER. I was looking at the language of the amendment that I offered, as it ended up, and it says that none of these funds may be available to any country to which the President proposes to disburse funds within the Southern African Development Coordinating Conference until the President certifies that such country, first, has not advocated the form of terrorism commonly known as "necklacing"; No. 2, has provided assurances that it has taken action against any person who has been found to have practiced "necklacing" against South African blacks; No. 3, is not knowingly allowing terrorists who practice necklacing to operate in its territory.

I would just say, for the record, that I would consider the headquarters of the ANC to fall within that language, but you would not?

Mr. CROCKER. No.

Those facts would not lead us to think that the country was automatically covered.

I think what matters is what the country's view is about the practice of "necklacing." We have asked, and we have gotten the answers to that. Second is whether they would take action against someone if someone were to come to their territory who had done it.

So, I think that the record we have spelled out in the report we sent to you gives the answer to those questions.

Senator PRESSLER. Mr. Crocker, earlier this year, interviews were published in both the Washington Post and the Christian Science Monitor with ANC defectors, who reported on the existence of at least one, possibly more, detention camps maintained by the African National Congress.

We have heard a lot about the issue of detained children in South Africa, and that is something to be very concerned about.

What about the ANC and their detention camps? What is your best information?

Mr. **Crocker**. I don't think we have very good information on the possible existence of such detention camps. I am not aware of the source of the allegation myself to which you refer. But the largest place where there are ANC cadres in training in large numbers in southern Africa is Angola. It is the country about which we are likely to be least well informed, because it is a very large war zone—that is what Angola is—and we do not have diplomatic representation there.

So, it is hard to know what might go on.

We hear numbers of 4,000 to 5,000 people in training in Angola. I am not saying that you are right or wrong. I don't know.

Senator **Pressler**. Would you submit for the record the best information you can get from your Department on that subject?

Mr. **Crocker**. Yes, sir.

[The information referred to appears in the appendix.]

Senator **Pressler**. It has been reported to me that such camps even receive financial support from the United Nations, in particular the U.N. High Commissioner on Refugees.

Is that true?

Mr. **Crocker**. In a case where there are legitimate refugees, as established by the UNHCR, there would be assistance to such refugees. I think efforts are made in such cases, and made consistently to make sure that they are not serving as cover or as some dual purpose for a political movement.

Senator **Pressler**. What is happening in South Africa? Are they really making any progress toward ending apartheid? That is something I very much want to see.

They said they were going to pass a law to end apartheid. Is that just for show, or is it for real?

Mr. **Crocker**. Senator, as the President's report says, we have not seen a timetable on ending apartheid laws. We have not seen firm commitments on that.

And, as I indicated to you earlier, it is a pretty gloomy picture, when it comes to governmental moves to unilaterally end apartheid laws.

The issue on negotiations is a different picture. There is a lot of discussion about how to get negotiations started. We are trying to encourage that.

Now I am not saying that we are about to see a breakthrough. That would be going much too far. But we know there are people in government and out of government who are preoccupied by the issue of how to find that formula that would get people out of prison, get the violence reduced, get some formula for talks started. That is where people should be focusing, and we are glad they are.

The issues of detention and oppression continue to be severe. Human rights problems in South Africa continue on a daily basis. It is very rough down there.

Senator **Pressler**. What about the educational system, starting with the universities, both concerning blacks and whites and the various other classifications, going down through preparatory school and grade school? What is happening in that area?

Mr. CROCKER. Well, in a nutshell, the children have returned to school over the course of the past year, and the school system is in——

Senator PRESSLER. They have returned?

Mr. CROCKER. They have returned overwhelmingly. The school boycott situation of a year ago has largely come to an end.

There are local exceptions, but that is the general pattern.

Schools continue to be a place where, because there are no legitimate outlets, there is a lot of politics that goes on in the schools and over the school administration. But I am not sure that I can take that much further.

Would you like to be more precise about what aspects you are interested in?

Senator PRESSLER. How about the universities?

Mr. CROCKER. Well, they are open. They function. A number of them are increasingly multiracial. But there is a great interest in more educational opportunity in South Africa, and that, in my judgment, is where we come in.

Thanks to us, there are more black engineers coming back to South Africa than ever before. Thanks to us, there are hundreds of South African blacks studying in this country and getting the best education we have to offer. And, thanks to us, many South Africans will go to college and to university in South Africa, who would not otherwise have done so.

Senator PRESSLER. Thank you, Mr. Chairman.

Senator SIMON. Thank you, Mr. Secretary.

Now we will have a panel composed of Mr. Edward L. Palmer, Mr. Alan Keyes, Mr. Cecil Roberts, Mr. Randall Robinson, and Dr. Walter Williams.

[Pause.]

Senator SIMON. The hearing will resume.

I am going to take the liberty of calling on Mr. Edward L. Palmer of my State of Illinois, first. He is the president of the Black Press Institute, and he chairs an advisory committee on South Africa.

We are very pleased to have him here with us today.

Let me just say to the witnesses that we are going to have to keep very strict time. I will have to cut you off at 5 minutes. This is nothing against any of your testimonies, but we are going to have to push on the time side.

Mr. Palmer.

STATEMENT OF EDWARD L. PALMER, PRESIDENT, BLACK PRESS INSTITUTE, AND CHAIRMAN, SENATOR PAUL SIMON'S ADVISORY COMMITTEE ON SOUTHERN AFRICA, CHICAGO, IL

Mr. PALMER. Thank you, Senator Simon and members of the committee.

I bring you greetings from America's heartland, the Midwest.

It is fitting that, in a democracy, the citizens, as well as the experts, have an opportunity to speak on issues of importance to our Nation.

We do Thomas Paine proud.

We in America's heartland are ordinary people; however, we are a curious people. We like straight talk and when we get straight talk, we are prone to say, "Let the chips fall where they may."

When the question of sanctions on any country is raised, being an inquisitive people, we ask "Why"? I support comprehensive sanctions, and my rationale mirrors that of 57 percent of the public and 79 percent of leadership favoring economic sanctions of some sort to help end apartheid in South Africa.

These statistics are the result of a Gallup survey conducted in October through November of 1986 for the Chicago Council on Foreign Affairs.

The American people are curious, but we are also fair. Again, why sanctions?

I suggest that most Americans would agree with Secretary of State George Shultz when, on September 29, 1987, he said, "I share the anger that all Americans feel when children are thrown into detention without charges and are physically abused."

We Americans believe in fair play, and I suppose secretly cheer for the Davids of the world against the Goliaths. The Chicago Tribune recently reported on the plight of South Africa families at the hands of the local police. When we read about grown men shooting bullets into crowds of children, breaking into homes of black South African families, dragging women out by their heels into the cold night, leaving unattended babies crying and wailing, then Americans say, "We must do something."

For these reasons, last year Congress and President Reagan, over his veto, enacted limited sanctions.

Senators, you represent the people and the people have spoken. Our Government has imposed comprehensive sanctions on other regimes—Cuba, Libya, Iran, and Poland. Now, we ask why is there reluctance to impose comprehensive sanctions on South Africa, a government engaged in a way against the majority of its citizens, and, worse, its children?

I share Secretary Shultz' anger over the physical and mental abuse inflicted by the South African Government. We differ, however, over the remedy.

We are aware that sanctions are not a panacea. Further, there are indeed sanction violations, and black South Africans, in their fight for freedom, seem more than willing to pay this price for a free and just society.

The Organization of African Unity, which most logically represents all Africans, has also called for comprehensive sanctions and the Rev. Leon Sullivan last year agreed that comprehensive sanctions must be applied.

Medicine, by its very nature, tastes bad. But, if a cure is to take place, then sometimes suffering is a part of that price.

We Americans know that no price is too high for freedom.

I disagree with the Presidential recommendation, "That it would be futile to impose additional measures on South Africa." Sanctions work. They can foster progress and change.

Prof. Elizabeth Schmidt, from Macalester College, has completed a case history of the impact of sanctions on Rhodesia, now Zimbabwe, which was forced by sanctions to abandon a white-only political system.

In extensive interviews with Professor Schmidt, Rhodesian businessmen with firsthand experience stated that sanctions were effective.

Inside South Africa, the government attempts to portray sanctions against its country as a failed policy. However, the South African business community, which responds to the marketplace and directly feels economic pressure, has pleaded for the removal of sanctions.

If our limited sanctions were not working, we would not have this outcry from the South African business community. In fact, these sanctions are working. Prominent South African business leaders joined a historical trek to Dakar, Senegal, and opened channels to the African National Congress.

In the interest of time, which I see I am running close on, what I would like to move directly to is the recommendations, and I would submit the rest of my written testimony for the record.

Senator SIMON. All statements will be entered in the record in full.

Mr. PALMER. Thank you.

In consultation with Senator Paul Simon's Advisory Committee on Southern Africa and with the assistance of board members of the Black Press Institute, I offer the following recommendations:

One, impose uniform comprehensive sanctions; two, prohibit all trade transactions with the Johannesburg stock exchange; three, prohibit all travel to South Africa, with the exception of journalists and educators; four, request a study by GAO to ascertain whether South Africa has violated the Nuremberg principles, the terms of the 1948 Genocide Convention, the four Geneva Conventions of 1949, and the United Nations Declaration of the Universality of Human Rights; five, initiate legislation to bar the importation into the United States of any goods or products manufactured or produced by a Japanese corporation that is doing business in or with South Africa—I have put in parentheses that Japan has increased its trade with South Africa by 25 percent, as American companies comply with limited sanctions; six, increase aid to Southern African Frontline States with special emphasis on transportation, communications, and health care; seven, convene an international conference on "effective sanctions" with nations presently supporting sanctions, to coordinate information and devise strategy for greater effectiveness; and eight, review recommendations included on the article, "South Africa: What Is To Be Done," in Foreign Affairs, 1975, by former Prof. Clyde Ferguson of Harvard and Professor Cotter.

In closing—I see that the bell has rung.

Senator SIMON. Well timed.

Mr. PALMER. Thank you.

[The prepared statement of Mr. Palmer may be found in the appendix.]

Senator SIMON. We thank you, Mr. Palmer.

Next is Mr. Alan Keyes, resident scholar, American Enterprise Institute.

STATEMENT OF HON. ALAN KEYES, RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE, WASHINGTON, DC

Ambassador KEYES. Thank you very much, Senator.

I think that my own opposition to the sanctions is well known. It is reiterated to an extent in my written testimony, so that I will not go over it again here. But I think what we need to focus on in this discussion——

Senator SIMON. Would you pull the microphone a little closer to you, please.

Ambassador KEYES. I think what we need to focus on in this discussion is getting a clear understanding of just what it is we are trying to achieve in South Africa. Without an understanding of that, we cannot possibly make a judgment about whether what we are doing is effective or ineffective.

Though it is often discussed as if all we want to do in South Africa is oppose apartheid, lots of bad regimes have been brought down in the world without anything good coming in their place. Lots of aristocracies have been overthrown; lots of oligarchies; lots of despots and aristocrats have been killed, and their tyranny was simply replaced by another.

In some ways, we Americans are so used to the practice of democracy that we forget what it is really all about, like living with something that is so close to you you do not see it anymore.

Not constitutions, not formal elections, not all the mechanisms and paraphernalia make a democracy. Rather, it is people.

"Democracy" means quite literally the power of the people: People who have the courage, the initiative, and the skills to act on their own behalf.

The challenge of democracy in South Africa is precisely the challenge of popular empowerment. This challenge should not be a secondary goal or an afterthought, but the primary focus and direction of our resources.

I believe that, rather than taking steps down this self-destructive, desperate road of punitive sanctions, the Congress should take the lead in focusing America's energies on this challenge. This could involve the enactment of a bill to promote democratic empowerment in South Africa. Such legislation would draw together the disparate elements of our influence on the South African situation. It would call upon American businesses to continue and increase their efforts to make private enterprise in South Africa the engine of democratic change.

To achieve this, it would lay down clear conditions for increased United States investment in South Africa, conditions that assure that such investment will contribute to the enlargement and strengthening of democracy's power base in the country, and, especially, in the black community.

It would provide incentives for American firms to engage in large scale training of black South Africans, with a particular view to developing a sizable cadre of middle management executives, and moving them into positions that determine the every day effectiveness of business enterprises.

Empowerment need not be the result of tomorrow's political dialog. It can be made to happen today in order to build up the forces that will carry that dialog to a successful conclusion.

It would provide resources and other incentives for organized labor to continue and increase its contact with prodemocratic labor forces in South Africa, so that the labor movement there can sustain the depth of leadership, communication, and cohesion needed to play a responsible, powerful role in shaping the country's democratic future.

It would call upon the broad range of nongovernmental institutions and groups in the United States to reach out to their South African counterparts, to undertake the massive effort needed to strengthen the nongovernmental means of popular mobilization and action that are essential to the success of democratic systems.

Unlike punitive sanctions, such legislation would not be the end of America's efforts to support full democracy in South Africa. It would be the beginning.

To be sure, the work involved would go beyond the facile commitments of a single hour or a single vote; they would surpass the requirements of an easy gesture of divestiture or withdrawal. The Pontius Pilate solutions that pass in some quarters for moral action would not be enough.

Americans who care enough and are committed enough would have to get involved, and get their groups and communities involved in the work of supporting the grassroots forces of change in South Africa. They would have to learn from South Africans by name and in person, not from their carefully manipulated TV images.

I believe that this is the real challenge that faces the American people as we deal with the issue of our role in South Africa's future. It is not the challenge of evil, though the evils of apartheid are palpable.

It is not the challenge of injustice, though the injustices of apartheid are numerous and cruel.

It is the challenge of our hope for democracy, and our belief that, despite every evil and injustice, people the world over have the capacity to be free.

Given its natural wealth, and the indomitable spirit of its people, black and white, I believe South Africa can demonstrate that capacity. I believe we have the obligation and the means to help, and I believe that we should pursue a strategy of positive work, active work, not simply a strategy of washing our hands while the situation deteriorates completely.

Thank you.

[The prepared statement of Ambassador Keyes may be found in the appendix.]

Senator **Helms** [presiding]. Thank you, Mr. Keyes.

Mr. Roberts.

STATEMENT OF CECIL E. ROBERTS, VICE PRESIDENT, UNITED MINE WORKERS OF AMERICA, WASHINGTON, DC

Mr. **Roberts**. Mr. Chairman, my name is Cecil Roberts. I am the international vice president of the United Mine Workers of America.

I appreciate the opportunity to present the views of coal miners to the members of this committee.

The UMWA represents the vast majority of coal miners in the United States and Canada. Our union has about one-quarter million retired and unemployed members in North America.

The campaign to end apartheid is not a new one for our union. As far back as the 1940's, John L. Lewis had contacts with and supported the South African Mine Workers Union.

In 1958, the union reiterated its position that it is "unalterably opposed to racial, religious, or national discrimination," and urged contributions to a defense fund established to defend political prisoners in South Africa. We have been particularly active since the early 1970's on the local, State, and national levels, campaigning for divestment and sanctions.

Working people in this country are very concerned about the abomination of South Africa's racist system of apartheid. The question for the American people must be how can we minimize the bloodshed and promote political freedom and economic justice?

The answer is that political and economic pressure must be imposed immediately. We must remove the support this country continues to give to the maintenance of apartheid.

Last year, Congress overwhelmingly passed the Anti-Apartheid Act over President Reagan's veto. The President has issued his report to Congress, as required by the act. He has concurred with the widespread opinion that, not only has the South African Government not begun to dismantle the apartheid system, it has entrenched that system.

But, contrary to the requirement in the act, President Reagan has not submitted additional sanctions to impose on South Africa. He has, instead, called for the return of "constructive engagement," the failed policy of his administration's first 5 years in office, a policy that Bishop Tutu has rightly called an abomination, an unmitigated disaster.

It seems that the ink was not even dry on the legislation that Congress passed when the naysayers complained that the sanctions were not working. We hear today that, since the South African Government has not eliminated apartheid in 1 year, that we should abandon the sanctions strategy altogether.

Although Congress took an important first step in passing last year's legislation, the bill contained only very limited sanctions.

The present sanctions affect only one-third of United States imports from South Africa, and virtually no exports. Partial sanctions produce partial results.

Included in last year's legislation was Congress' understanding that multilateral sanctions are much more effective than unilateral ones.

Let me give you one example from an industry that I know very well, the coal industry.

Congress passed a ban on South African coal imports in last year's legislation. Other countries around the world—Canada, Australia, Denmark, Sweden, France, and others—have done likewise. Yet, a few countries, such as Britain, West Germany, Italy, and Japan, still import large quantities of South African coal, and will continue to do so unless there is pressure from the United States.

Coal exports are very important to the South African Government. It is South Africa's second largest foreign exchange earner, and a South African coal import ban is fully supported by the National Union of Mine Workers of South Africa.

Yet, the Reagan administration undermined this sanction by vetoing a U.N. resolution that would have required other countries to impose similar sanctions.

We, in the American labor movement, look to the black trade unions for guidance on the question of sanctions.

The United Mine Workers of America maintains close fraternal ties with the National Union of Mine Workers of South Africa, the largest union in the Congress of South African Trade Unions.

At its founding convention in December 1985, the Congress of South African Trade Unions spoke loudly and clearly: "International pressure, including disinvestment or the threat of disinvestment is an essential and effective form of pressure on the South African regime, and we support it."

The black unions and other significant black organizations consider anything else as inadequate.

Mr. Chairman, the UMWA supports mandatory comprehensive sanctions against South Africa.

Thank you so much.

[The prepared statement of Mr. Roberts may be found in the appendix.]

Senator **Helms**. Thank you, Mr. Roberts.

Mr. Robinson.

STATEMENT OF RANDALL ROBINSON, EXECUTIVE DIRECTOR, TRANSAFRICA, WASHINGTON, DC

Mr. **Robinson**. Thank you, Mr. Chairman.

I would like to submit my full statement for the record. I would just make some brief comments.

Senator **Helms**. Very well.

Mr. **Robinson**. I think we should focus today on what the core issue is and what our objectives are. The objective of all of us, I would hope, in South Africa would be to produce a democratic outcome. It means that we have to do all that we can do in our power, both bilaterally and with our allies in a multilateral approach, to produce a willingness in South Africa to undertake negotiations that would produce a democratic outcome. This is because what is at issue here is the right to vote.

All other things are ancillary.

What is at core here is will blacks have an opportunity in an equitable way to share power in South Africa.

Very little has changed in one way in South Africa since the sanctions were imposed. But anybody who knows anything about the history of sanctions should not have expected or would not have expected a great, quantifiable change in the space of 1 year.

Rhodesia withstood sanctions with a much smaller economy for 11 years before Ian Smith had little choice but to yield to pressure for negotiations at Lancaster House that produced a democratic result that now has become Zimbabwe.

Had sanctions been lifted against Rhodesia, war might still be going on in that country.

The state of emergency still exists. Some 30,000 people have been arrested there, with 10,000 of them children, and many thousands still being held. Over 1,000 people have died since January 1986, and the government has shown no inclination to begin this process of negotiation.

But one had not expected this.

I think what the sanctions have produced is a new ferment in the white community that we have not seen since 1948. A proapartheid society, as adamant as the Broederbond society, now says that any constitution that is produced must meet with the acceptance of the African National Congress.

By a margin of 3 to 1, opinion polls among white South Africans show that reform should be speeded up. A plurality of white South Africans believes that a confederation solution should be in the offing.

Over and over again, we see examples of fissures in the white community, where there was once uniform opposition to any changes in the apartheid system.

[Pause.]

The CHAIRMAN [presiding]. Have you completed your testimony?

Mr. ROBINSON. I beg your pardon?

The CHAIRMAN. I'm sorry. Have you completed your presentation?

Mr. ROBINSON. No. I was waiting to continue.

The CHAIRMAN. Carry on.

Mr. ROBINSON. Thank you.

Over and over again, we see an inclination in the white community now to consider changes, the question of what changes that must be made that would lead toward a democratic solution.

Now is the time to turn up the pressure, for as long as the United States and the other Western powers supply South Africa with munitions of war—for that is what oil is classified with—we will be underpinning the minority government. For as long as we market mainframe computers to South Africa, we will be disserving South African defense forces. As long as we have trade with South Africa, we will provide it with scarce and precious capital.

This is because if we expect South Africa to accede to Western wishes, and Western wishes, if they are consistent with the wishes of the black majority, are that we proceed to negotiation that would produce a democratic result, that would result in majority rule. The white community is not going to do that easily, and it would be naive for us to expect that that would happen absent enormous Western pressure.

I think we should defer to those in South Africa who bear the brunt of apartheid. Desmond Tutu and Allan Boesak are on record in favor of comprehensive sanctions, global sanctions, and disinvestment. The largest labor federation in South Africa, with 700,000 members, COSATU, has asked for comprehensive sanctions.

The next largest labor federation has asked for comprehensive sanctions.

The **CHAIRMAN**. Excuse me. I must bring this to a conclusion. I believe each person has been notified that they have 5 minutes.

Mr. **ROBINSON**. Well, I did not see any light. My green light is still on.

The **CHAIRMAN**. Oh, I'm sorry. I thought when you had stopped before that your 5 minutes had ended.

Mr. **ROBINSON**. No, no. I had stopped for another reason.

The **CHAIRMAN**. Thank you.

Mr. **ROBINSON**. As long as we continue to provide this kind of underpinning, we cannot expect South Africa to accede to our wishes. Black South Africans, even the major organizations whose principal purpose is job preservation, labor unions, urge us to impose sanctions.

What are the choices? What is the crossroad at which we find ourselves?

Either we come to the assistance of the black majority in its effort to achieve a democratic result, or a bloodbath will be in the offing in South Africa.

South Africa will be resolved one way or another. A democratic result can only be achieved in a cooperative fashion, that is, produced through negotiations. Black South Africans are prepared to do that.

Nelson Mandela, who has been locked away for 25 years, with Walter Sisulu and Govan Mbeki and others are prepared to do that. It is our responsibility, through sanctions, to deliver the white leadership to the negotiation table.

Thank you very much.

[The prepared statement of Mr. Robinson may be found in the appendix.]

The **CHAIRMAN**. Thank you very much, Mr. Robinson. I apologize for my coming in at the last moment and lack of courtesy in thinking you were completed when you were not.

Dr. Williams.

STATEMENT OF WALTER E. WILLIAMS, JOHN M. OLIN DISTINGUISHED PROFESSOR OF ECONOMICS, GEORGE MASON UNIVERSITY, FAIRFAX, VA

Dr. **WILLIAMS**. I have just finished a manuscript entitled, "South Africa's War Against Capitalism," and, while one detests apartheid, it gives you, I think, a fruitful view.

The history of South Africa is, indeed, a history of a struggle against the market forces of capitalism. One of its most eminent Prime Ministers, Jan Christian Smuts, in a book called, "A Century Wrongs," says, "It is up to we, Afrikaaners, as small in number as we are, to break the new world tyranny of capitalism."

Now, what Jan Smuts as well as Afrikaaners and British recognized was that the free market is not a respecter of race. On the other hand, they recognized, just as Americans in the United

States at one time did, that government is a respecter of race. So they wrote all kinds of laws to subvert the operation of the market.

Now, legalized discrimination in South Africa raised the costs of production; higher production costs were associated with what is known over there as "civilized labor policy," and meant lower profits. Therefore, white people in South Africa, white businessmen, had systematic incentives to violate, contravene, seek government exemption from many aspects of apartheid law.

These incentives became even more compelling during periods of sustained economic growth, such as during the sixties and seventies, when South African growth exceeded that of all Western countries.

The improvement of economic conditions of South Africa's nonwhite population is at least partially associated with rapid economic growth. Then, if we accept that economic growth attacks apartheid, domestic and international policies promoting growth would be in the interest of South African black people.

I doubt whether any American who has witnessed the civil rights struggle in America would have argued that American blacks could have made the gains in the 1930's that they, in fact, made during the sixties. It would have been completely impossible during those depression years.

Now, in South Africa, a lot of apartheid laws were being repealed by stealth, and perhaps due to a change in heart or, more likely, due to the reality of the matter; that is, the fact that laws were being grossly violated, South Africa recently repealed much of its apartheid laws. You can cite them: The Industrial Conciliation Act with the Job Reservation Law, the Mixed Marriages Act, the Liquor Act, and so forth and so on, which are included in my written testimony.

Impeding a sounder Western policy toward South Africa is the vision of what can help people and what can hurt. Some of this faulty vision is seen in pronouncements by Members of the U.S. Congress, and some of it is exemplified by Senator Kennedy's article that appeared in the Washington Post.

Kennedy says that sanctions are a statement of abhorrence to apartheid by American people. Well, morality requires that we condemn violations of human rights, but we must be careful of the way we disapprove of it. That is, we can disapprove of cancer without cutting the patient's or the victim's head off. Many times, this is what we are doing in South Africa.

I heard a lot of statements about the people who support sanctions, broad sanctions. But there are people in South Africa who are against even the modest sanctions that we have now. Some of those are people like Chief Mangosuthu Buthelezi, chief administrator of KwaZulu, the homeland of 1 million blacks; Rev. Barnabas Lekganyane, the spiritual leader of the Zion Christian Church, whose membership is estimated at between 4 to 6 million blacks; Reverend Mokoena, the head of the Independent Church, with a membership of 2 to 3 million blacks. They have all spoken out against sanctions and disinvestment.

Another view of sanctions is that sanctions, according to Senator Kennedy—and I am just using him but am not picking on him personally, as he exemplifies this view—will restore the good standing of the United States to the rest of Africa.

Senator Kennedy cites praise from Mugabe, who thanked the Congress for a job well done: "The sanctions have greatly assisted us." Also Kaunda of Zambia praised sanctions, too.

Now, accepting praise from men like these is somewhat similar to accepting praise from Hitler.

Robert Mugabe's Shona people have been waging a genocidal war against Joshua Nkomo's Ndebele people since independence.

Mugabe has maintained a state of emergency in Zimbabwe exactly identical to that which exists in South Africa since independence.

Kenneth Kaunda presides over a one-party Marxist state where human rights do not flourish.

International Amnesty has documented black oppression all over the continent of Africa in places like Uganda, where 500,000 blacks were slaughtered by Idi Amin and successor regimes. In the central African empire, Bokassa not only slaughtered blacks, but he had them for food, as people parts were found in his refrigerator.

In Ethiopia, massive slaughter goes on at this very moment. One wonders at the merit of the United States trying to maintain good standing with these brutal regimes and condemn South Africa which, though culpable of human rights violations, has no similar record.

Now, sanctions are working. That is what people say. Someone ought to ask basic questions about sanctions.

The whole argument that I heard about sanctions reminds me of "Gulliver's Travels," and his voyage to the land of the Laputa. There were scientists working in the laboratory and they were trying to convert excrement into the original material. Furthermore, they were trying to build houses from the roof down.

Now, they might have been wondering if they could succeed if they could get more commitment. Nobody asked them was it inherently impossible what they were trying to do?

This is the question we need to ask: Can sanctions work at all?

People are saying that the Dutch Reformed Church has come out against apartheid. Well, they were doing that for a long time before the sanctions even had any kind of impact. The statements made about Broederbond, et cetera, have no relationship to sanctions at all.

I might say one final point.

I think that it is arrogant of us, as Americans, to think that, even though we are a national power, we can have the remotest kind of influence about what goes on in South Africa. Those people have to find their own solution to their own problems, and we should not mess with them in the process.

[The prepared statement of Dr. Williams may be found in the appendix.]

The **Chairman**. Thank you very much, indeed, Dr. Williams.

Having come in late, I will defer my questions and will call upon the ranking minority Member, Senator Helms.

Senator **Helms**. Mr. Chairman, thank you very much.

Mr. Robinson, just a quick question.

Are you familiar with the Coalition on Southern Africa?

Mr. **Robinson**. I don't think that I am.

Senator **Helms**. It's at 1025 Connecticut Avenue, suite 1114, Washington, DC? Have you ever heard of it?

Mr. **Robinson**. Is this the group that was set up by Pagan International?

Senator **Helms**. Pardon?

Mr. **Robinson**. Pagan International is a consulting firm that was hired by Shell Oil to arrange a strategy to respond to the boycott as set forth by my organization and the United Mine Workers and others of Shell for its role in South Africa.

One of the things that Pagan did was to set up the coalition of which you speak, with which the share the same address.

Senator **Helms**. So you say that Bishop Richard L. Fisher, of Missouri, the presiding bishop of the AME Zion Church of the Eleventh Episcopal District is in the clutches of somebody?

Mr. **Robinson**. No, I am not saying that at all.

Senator **Helms**. Then what are you saying?

Mr. **Robinson**. I don't know the Bishop.

I am saying that that organization was set up by Pagan International as a part of its strategy, in its contract of consultation with Shell Oil. That is precisely all that I am saying.

Senator **Helms**. Nonetheless, Mr. Chairman——

Mr. **Robinson**. It does reduce their credibility, wouldn't you say?

Senator **Helms**. Pardon—no, I don't think. I disagree with you absolutely.

You asked me and I was glad to answer your question.

Mr. Chairman, I ask unanimous consent that this statement and the statement by the distinguished Bishop be included in the record.

The **Chairman**. Without objection.

[The information referred to appears in the appendix.]

Senator **Helms**. Mr. Williams, why do you think that more than 100,000 blacks from surrounding countries, and not even limited to surrounding countries, pour into South Africa every year?

Dr. **Williams**. Well, the estimate is 250,000 legal guest workers and some people estimate up close to 1 million illegal entrants. They are not coming to South Africa to vote; they are coming there seeking a higher standard of living than is available in their own country.

Part of the faulty reasoning of our approach is that no matter what we can do, we cannot hurt blacks in South Africa. I argue that it is the contrary, because blacks can be made worse off because they do have standards of living, many blacks have standards of living that are envied in other places in the world. Moreover, they have some freedoms that are envied by most of the world's population.

I mean, just one example. We see people like Chief Buthelezi, we see Winnie Mandela, Tutu, and Boesak, we see them on Western media, we see them having interviews in South Africa, roundly condemning the Government of South Africa as fascist and racist. Then, in 3 or 4 weeks, we see them again doing the same thing, in another country or in South Africa.

But ask yourselves, ask any of us, can Lech Walesa do that in Poland? Can Bujak do that in Poland? Could Sakharov do that in Russia? Could Muzarewa and Joshua Nkomo do that in Zimbabwe?

The point that I am making is that apartheid is despicable, but, nonetheless, there is a whole lot around this world that is considerably worse than apartheid.

Senator HELMS. I thank you.

Mr. Keyes, do you have any opinion satisfactory to yourself as to which specific aspects of the sanctions legislation have been most damaging to South African blacks?

Ambassador KEYES. I am not sure precisely. I think that the areas that have an impact on the agricultural area have been particularly harmful to sugar workers and others. There you see, I think, a direct impact on what was becoming an expanding source of economic potential for blacks in South Africa.

I also think that parts of the bill which have indirectly contributed to the decisions to disinvest by major American corporations, including those having to do with no new investment and so forth that make it difficult to sustain effective enterprises there have had a negative impact in encouraging that kind of flight and, therefore, setting into motion the consequences, particularly for the important black power base in the labor area that followed from that kind of flight.

Senator HELMS. Dr. Williams, are you familiar with Dr. R.W. Bethlehem?

Dr. WILLIAMS. No, I am not.

Senator HELMS. Well, he is a South African analyst.

He has written that he anticipates that the share of blacks in the national income will decline as a result of the sanctions, a decline not only from expected future levels, but even from the levels of last year.

Do you think he is right about that?

Dr. WILLIAMS. Well, the evidence that I am aware of in South Africa, if you look at the blacks who have lost employment in the fishing industry, in the fruit industry, and in Kodak, who pulled out, and in other firms which pulled out, I would not be surprised at all if you see those results.

I might add, as one South African was saying yesterday, we cannot just look at the number of blacks who have been disemployed through sanctions. You have to multiply the number by 5 or 6, because they have five or six dependents counting on them for a continuous source of income, and that is eliminated. So it multiples whatever effect your statistics will show.

Senator HELMS. What would you expect to be—and I will ask this of anybody, but probably I ought to direct it to you—the economic impact on other countries in South Africa if the sanctions are maintained?

Dr. WILLIAMS. Well, if you take countries like Lesotho or Malawi, a considerable percentage of their GNP represents repatriated earnings from workers who go to South Africa. Indeed, the South African Government has threatened that these workers will be the first to feel the brunt, if they have to retrench on the number of workers coming into South Africa.

Moreover, there is a considerable bit of hypocrisy in the whole sanctions movement. The Western World is being urged to cut off trading with South Africa, but countries like Zimbabwe, Mozambique, Zaire, and other countries are carrying on a robust trade with South Africa, and they have it within their political power to, in fact, make trade with South Africa illegal, but they fail to do so. You know, economics has a way of bringing people to their senses. That is, they recognize that they are dependent on South Africa, and perhaps South Africa is dependent on them to some extent. The countries are basket cases already, and effective sanctions would be even more so.

Senator HELMS. Mr. Chairman, I read a statement attributed to a distinguished clergyman in South Africa, a black clergyman, who wrote to me, as a matter of fact, saying that "It is mighty easy for you, 12,000 miles away, to say that we want to suffer over here, that we are willing to suffer." He said "How about trying it yourself to see how you like it."

I will yield back——

Mr. ROBINSON. Mr. Chairman, may I ask a question?

The CHAIRMAN. You can ask it, but it is up to any individual to respond.

Mr. ROBINSON. I was wondering if any of the rest of us would get a chance to respond to what has been said?

If you don't wish it, I cannot make it.

Senator HELMS. Oh, sure, Mr. Chairman.

The CHAIRMAN. By all means. Go ahead.

Mr. ROBINSON. First of all, I think we ought to be consistent in our policy. My view is that sanctions represent nothing more than a tool to incline any government to choose a different course, and wherever there is a deprivation of basic rights, we ought to withdraw from those governments any underpinning that we provide.

I feel as strongly about sanctions toward Ethiopia as I do about sanctions toward South Africa, because the objective is to produce a democratic result.

In this regard, black South Africans, I think, broadly, if we have to total the institutions and the individuals and the caliber of leadership making the statements, have decided that they are prepared to endure some hardship to achieve the basic franchise, to achieve self-determination.

Black Americans had full employment in slavery. It was not adequate. We wanted our rights and we were prepared to die for them.

Black South Africans feel as strongly about theirs, and all of the countries that we have talked about——

Senator HELMS. But one point——

Mr. ROBINSON. Let me finish my remark, please.

Senator HELMS. No. You are making a speech.

Mr. ROBINSON. No, I am not making a speech. You allowed Mr. Williams to finish. I am asking you to allow me the same courtesy.

Senator HELMS. But that was on my time.

The CHAIRMAN. Oh, he is doing this on my time.

Senator HELMS. Have you given him your whole 5 minutes.

The CHAIRMAN. I thought we had 10 minutes.

Sir, as far as I am concerned, please say your peace.

Senator HELMS. Very well. I still have a little time remaining.

The **Chairman**. Oh, absolutely.

Mr. **Robinson**. Shall I complete my statement?

The **Chairman**. You are on my time.

Senator **Helms**. You are making the same speech that you made the first time around.

Mr. **Robinson**. No, I don't think I am.

Senator **Helms**. Yes, you are. But go ahead.

The **Chairman**. Carry on.

Mr. **Robinson**. The neighboring states have suffered losses totaling $10 billion because of South African invasions into their nations. The problem in the region is South Africa. The problem is not sanctions. Sanctions are a response to the problem.

If you believe, Senator, that white South Africans are going to negotiate toward democracy absent Western pressure, you are either very naive or you don't want them to have this freedom.

Senator **Helms**. Two questions, then, on my time, Mr. Chairman.

The **Chairman**. Back on Senator Helms' time.

Senator **Helms**. One, Is do you think there ought to be sanctions against the Soviet Union?

Mr. **Robinson**. To the extent that sanctions can be demonstrated to work toward the achievement of more basic rights in the Soviet Union, the answer is "Yes."

I am not an ideolog, Senator. I want rights for people everywhere—black, white, East, West, North, South. I ask of you the same commitment.

Senator **Helms**. Would you endorse sanctions against Zimbabwe, then?

Mr. **Robinson**. No, I would not, because Zimbabwe has a working democracy.

Senator **Helms**. I see. That is a Communist country. You would not want to——

Mr. **Robinson**. Zimbabwe is not a Communist country.

Senator **Helms**. Oh, come on, now.

Mr. **Robinson**. Let's be factual, Senator. Zimbabwe has nationalized nothing since independence.

Senator **Helms**. Oh, mercy.

Mr. **Robinson**. Now, let's have on the record what we are talking about and let's be accurate so that the record is complete and factual.

Senator **Helms**. Oh, yes. OK.

Mr. **Robinson**. If Zimbabwe is Communist, I ask you to tell me how it is so.

Senator **Helms**. The point that the clergyman was making——

Mr. **Robinson**. How is Zimbabwe Communist? I would like to know.

Senator **Helms**. If you don't know that——

Mr. **Robinson**. I don't think you know.

Senator **Helms**. Oh, of course I know.

Mr. **Robinson**. You have no idea.

Senator **Helms**. Mr. Chairman, may I proceed.

The **Chairman**. Certainly.

Senator **Helms**. The point the clergyman was making—you are sitting here in a Brooks Brothers suit, it looks like, and he is saying "Why don't you come over to South Africa if you are willing to suffer and help us out?" That is what he is saying. Don't cut off our jobs over there.

Now, how would you respond to that clergyman?

Mr. ROBINSON. Well, first of all, I don't see what my clothing has to do with my view, anymore than your wealth, whatever it is, may have to do with yours.

Senator HELMS. I don't have any wealth. I don't have any Brooks Brothers suits, either.

Mr. ROBINSON. Senator, we are discussing an issue. The point is that I don't want to impose my view on South Africans. I want to see what Archbishop Desmond Tutu thinks. I want to see what COSATU thinks. I want to see what UDF, an organization with 700 organizations and 3 million members, thinks. I want to see what the Organization of African Unity thinks. I want to see what African people think, and they overwhelmingly want sanctions.

Senator HELMS. I don't know how you polled them, but how about the South Africans who, I suppose you would say are decent black individuals, like Bishop Isaac Makena—he is the head of the Independent Reformed Churches of South Africa. He has 4.5 million members. He has come to the United States and he does not agree with you. He thinks you are all wet.

What do you say to him.

Mr. ROBINSON. With all due respect, I have never heard of him.

Senator HELMS. Well, you are very selective in the people you know about.

Mr. ROBINSON. I can say as well to you, Senator——

Senator HELMS. He is the head of a church that has 4.5 million members in South Africa, and you don't know about him.

Mr. ROBINSON. It must be underground.

Senator HELMS. That is 4.5 million people. Even Bishop Tutu's church has gone on record as being not in agreement with him. I don't think you will deny that.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Pressler.

Senator PRESSLER. Thank you.

I would like to address some questions to Mr. Keyes, if I could.

Where can we go from here in that area of the world? What is our best next step?

Ambassador KEYES. I think one thing we might do is stop this fruitless discussion I have been listening to, which I think has very little to do with the issue. The definition of "democracy" as people having a vote, regardless of whether that vote is meaningful or meaningless is a definition I cannot accept. People have the vote in the Soviet Union, they have the vote in other places. They even voted for the constitution of Ethiopia, which even Mr. Robinson admits is a tyranny.

Democracy is people, and where we need to go is to begin to focus on the real people of South Africa and what we can do to work with them to build up the democratic institutions that will actually bring real freedom and democracy to their country.

This cannot be accomplished through sanctions which not only involve our withdrawal from the situation, but which involve the destruction of the base from which that power can be drawn.

So, I think we ought to be taking the kind of positive steps that I outlined in my statement to build up the infrastructure of democracy in South Africa—a process of positive empowerment, building up the power of the people, particularly the black people in South Africa, working from the bases which they have—in the labor movement, in their participation in the economy, and developing and building that participation in ways that we can do.

Our corporations, for instance, everybody talks about withdrawing them from the South African situation. I ask myself: If we are so interested in power sharing and democracy, let's have some power sharing right there. Very formidable decisions are made about what goes on in an economy in the context of the private sector. In those private sector institutions one can bring up the management cadre that can become the decisionmakers within those corporations, controlling resources that can then become a part of the expression of the democratic power base in South Africa.

This can be done now. It does not have to wait until tomorrow. It does not have to wait until some long, drawn out process that is envisaged in the minds of some. That process of building democracy is not something that we have to postpone until tomorrow.

It is something that I think has to be begun today because the formalities of democracy can exist without the reality. And if we are not willing to work to build up the reality of democracy in South Africa, working especially within the context of the private and nongovernmental sector where that reality has the greatest chance of coming into existence, then we are not really serious about our commitment to democracy in the country.

Senator **Pressler**. What about Chief Buthelezi? Isn't this what he has been doing with his constituency?

How legitimately elected a leader is he?

Ambassador **Keyes**. I think that Chief Buthelezi has been doing a great deal along these lines with his constituency in terms of encouraging the organization through Inkatha and Inkatha-related organizations of labor movement, of economic organization, of youth movements, all aimed at developing the power base among those who support him.

I think that the same can be said of other organizations, labor movement and religious organizations in South Africa, particularly in the black community. That has especially occurred in the context of an economic base, and particularly the private economic base in South Africa, where the opportunities for the development of such a power base actually exist.

One of the tragedies, I think, of pretending that some kind of approach that destroys that base is going to contribute to democracy is that, by destroying that base, one is going to be destroying the very tools with which one constructs the infrastructure of democracy today and makes it a reality for people there.

So, it is really not just a question. The argument is always put in terms of people suffering. It is not a question of people suffering.

Bad policy drives out good. That is the problem. Since we are doing the wrong thing, we are not doing the right thing. That people should suffer if we were doing the right thing. That they suffer in the course of our doing something which will not produce the result is a tragic mistake.

Senator **Pressler**. What about what is happening in the universities in South Africa? If they are becoming more integrated, will this not lead to a spinoff throughout the society?

Ambassador **Keyes**. I think that there can be a result from that kind of interaction among people. I think that one sees particularly some of the ideas that are coming out of intellectual circles in South Africa. I think Senator Lugar mentioned the book, "After Apartheid."

I think it is a book whose premise is basically misunderstood. One of the most important premises of that book is that the future of South Africa in terms of a solution to the problem has to come, to a degree, from reducing the power of government, rather than concentrating upon it.

This means that you have to build up those structures within the society that can actually allow people to work out solutions for themselves. This means a lot of burden on the private sector, a lot of burden on the nongovernmental sector, a lot of burden on the economic sector for solving the problems of the society, with the aim of removing the government from the enforcement of injustice and allowing the people of South Africa to find their own solutions, whether through Indaba or other processes in the private and nongovernmental sectors.

What do we do in response to that sort of idea, which seems to show a path toward a true democratic future for the country? We decide that we are going to destroy the private sector, destroy the nongovernmental sector, all in the name of making a gesture of our morality.

Well, morality that produces that kind of counterproductive results is self-serving morality and hardly deserves the name.

Senator **Pressler**. Based on your experience, would you give a comparison of political rights or legal rights and human rights in the countries of southern Africa that border on it—if you were making a comparison.

Ambassador **Keyes**. Well, I think that one has in southern Africa a diversity of countries.

Botswana is probably one of the sterling examples of a functioning democracy. Even though it has had one-party rule for a long time, they always have elections, and there is an opposition party, and that has gone along pretty well.

Senator **Pressler**. And the level of legal rights and so forth is quite high.

Ambassador **Keyes**. In Botswana, yes, it is quite high and reasonably respected.

In Mozambique, in Zimbabwe, in Zambia, in Angola, I think one would have to say, based on all the reports that I have seen from our own Government and from others, that the level of rights is much lower.

Senator **Pressler**. Much lower than what?

Ambassador **Keyes**. Lower than in Botswana, and lower than the standards that we apply and that a lot of people apply generally speaking to the South African situation.

Senator **Pressler**. How would you compare it to South Africa?

Ambassador **Keyes**. How would I compare it to South Africa?

I would say that if one takes some comfort in the fact that one's oppressors are the same color or race as oneself, then I suppose oppression elsewhere in southern Africa and elsewhere in Africa feels better to those being oppressed than oppression in South Africa.

I myself would actually think that one would feel more shame being oppressed by people of one's own race, especially if there was an opportunity there, which there clearly is in some cases, for a better sort of government to exist.

So, on that basis, I would say that one can draw one's own conclusions about the comparison.

I think that the real question, however, should not be South Africa, is it better or is it worse, but what is the real potential for democracy in South Africa? Can it be realized?

I would say in those terms, South Africa has the best potential for a functioning, pluralist democratic system of any country on the continent of Africa provided we and others in the international arena do not force them to throw that opportunity away by destroying the tools which which they can build it.

If we do that, then I think we will rob them and, regardless of words and rhetoric, we will produce the same result that has been produced everywhere else in the world.

How many times do we have to go down the same road. In the rest of Africa, in Vietnam, in Kampuchea, in Nicaragua, the talk was the same, the premises were the same, the arguments were the same, and the results have been disastrous.

A different result is possible in South Africa if we take a different approach. That is the challenge before this Congress and before the American people. Can we be that creative? Can we be that imaginative that we can come up with the kind of solution that will make South Africa what it can truly be—a rich, prosperous, and free democratic system in which all of its people participate, in which all of their rights are respected?

We can do that, but not if we go down the destructive road that we started down last year and that some would advocate we bring to an even more destructive conclusion.

Senator **Pressler**. Thank you very much, Mr. Chairman.

The **Chairman**. Thank you very much.

I would ask that the record be kept open for any statements from our colleagues, and I would ask that a statement be inserted in the record as if read, by me.

OPENING STATEMENT OF SENATOR PELL

I want to commend Senator Simon for holding this important and useful hearing on the administration's recent report on South Africa. During the last year, South Africa has been removed from the front pages of our newspapers. Images of government forces brutalizing peaceful antiapartheid protesters have faded from our television screens. But the problem of apartheid remains. As a nation committed to basic rights and fundamental freedoms for all people, we must continue to keep the spotlight on South Africa. We must continue to assess what meaningful steps we can take to help the black South Africans achieve their aspiration for freedom and equal rights.

Reasonable men may differ over the utility of sanctions. However, I think we must remember that the primary reason for imposing sanctions against South Africa was to demonstrate to all South Africans, both black and white, that the American people oppose apartheid unequivocally. In this regard, the sanctions have worked: Black South Africans know without question that we are on their side. There are also positive developments in the white community, particularly splits in Afrikaanerdom, which suggest that the message has begun to penetrate among white South Africans as well.

I look forward to hearing from the witnesses about this important subject.

I thank the witnesses for coming, and I apologize for the abrupt transition in chairmanship.

I herewith adjourn this meeting.

[Whereupon, at 12:50 p.m., the subcommittee adjourned, to reconvene June 22, 1988, at 9:38 a.m.]

UNITED STATES POLICY OPTIONS TOWARD SOUTH AFRICA

WEDNESDAY, JUNE 22, 1988

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met at 9:38 a.m. in room SD–419, Dirksen Office Building, Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Cranston, Kerry, Simon, Helms, Kassebaum, Pressler, Trible, and McConnell.

The CHAIRMAN. The Committee on Foreign Relations will come to order.

This morning we will begin a series of hearings on policy options for the United States with regard to South Africa. Nearly 2 years ago, in October, Congress enacted the Comprehensive Anti-Apartheid Act over a Presidential veto. In so doing, Congress rejected the administration's policy of constructive engagement in favor of action that would send a clear signal to South Africans, both black and white, and to the South African Government of the opposition of the American people to apartheid.

Over the last 2 years South Africa has moved off the front pages of our newspapers. Pictures of South African soldiers using tear gas and rubber bullets against black protestors have disappeared from our television screens, but the system of apartheid remains, and a struggle to bring about its demise continues.

On the surface, the situation in South Africa appears to be calmer, less violent, and more stable. But beneath the surface, tensions continue to mount, and the determination of South African blacks to acquire basic political rights and freedoms continues to grow. Nothing the South African Government has done—not the detentions, not the banning of antiapartheid organizations, not the unprecedented censorship of the media, nor the extension of the nationwide state of emergency—has dampened the resolve of black South Africans to rid their country of a system which is inherently racist and unjust.

The question before us is how the United States, a Nation committed to basic human rights and fundamental freedoms, can help them achieve this goal. Some argue we must continue and increase the pressure on the South African Government and its white supporters by moving from the selective sanctions imposed under the 1986 Anti-Apartheid Act to comprehensive economic sanctions including total withdrawal of American firms. In fact, a process of pressure building is embodied in the 1986 act which requires the President to recommend additional sanctions if he finds, as he did last October, that South Africa has failed to make significant progress in ending apartheid. The administration has refused to recommend additional sanctions because it argues, as do others, that sanctions have failed to move the South African Government toward the negotiating table or to foster improvement in South Africa's domestic situation.

Reasonable people may differ over the effectiveness of sanctions and the advisability of imposing more. It is my hope that these hearings will clarify some of the issues at the core of the debate. Sanctions are an economic instrument applied for political purposes. In the South African case, they are being imposed not only to change the minds of those who hold political power but also to demonstrate solidarity with those who don't. In the long run, that solidarity may be crucial to our interests not only in South Africa but in the region.

The effectiveness of sanctions must be judged not only on political and economic grounds but on psychological ones as well. I believe these hearings will help us to make that judgment and to proceed with a course that will promote genuine change in South Africa and foster the long-term interests of all South Africans and of our own Nation as well.

This morning we will hear from the administration and from four of our distinguished colleagues: our ranking minority member, Senator Helms, who has introduced legislation to repeal the 1986 act; Senators Kennedy and Weicker, who have introduced S. 2378, a comprehensive sanctions bill; and Senator Symms who supports the Helms bill.

I would like to welcome them all. The ranking minority member is on the opposite side of the dais from where he usually is. We welcome Senator Helms.

Senator SIMON. Mr. Chairman.

The CHAIRMAN. Oh, I am sorry. I am informed Senator Simon wants to make a statement.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. If I could just make a very brief opening statement before we hear from our distinguished first witness here. I would like to enter a formal statement in the record, but I would just like to add a few remarks.

First, apartheid is going to go. The question is whether it is going to go peacefully or whether ~~it is~~ going to go violently. The United States ought to be on the side of seeing that it goes peacefully. We ought to be there vigorously.

Second, on the sanctions bill that we passed, it is very clear the administration has been dragging its feet, has been creating loopholes in the law that was passed, and vetoing United Nations resolutions that move in the same direction as the sanctions bill that we passed instead of urging our friends in Western Europe and Japan to join us in sanctions. Nothing has been done in that direction.

The business community of South Africa has to understand clearly that they must join the religious community and others who want to bring about change in South Africa. It is not dissimilar to the situation we faced some years ago with segregation in our own country.

Then a third factor is the very fundamental question that I hear periodically: Do blacks in South Africa support sanctions on our part? Here, the answer is "Yes." There are a few people who speak up to say "No, they do not want sanctions," but the polls, the overwhelming evidence from Bishop Tutu and many others is that the blacks in South Africa strongly support sanctions.

The blacks in South Africa are interested in justice just as were blacks in the South in the old days of segregation. You had a few blacks who said "No, we want to continue segregation in the South" but not very many. The reality is the sentiment is overwhelming.

In this connection as to what people believe, we had hearings here, and Senator Helms was good enough to attend part of that hearing. We had the religious leaders, Protestant, Catholic, and Jewish.

Bishop Chilstrom, who heads two-thirds of the Lutheran Church in this Nation, said this:

> It may surprise you to know that until very recently I was reluctant to support sanctions in South Africa. I think it was because of my strong hope that some other means might be found for helping people in South Africa and Namibia. What I discovered, however, was that the people themselves are pleading for us to do this very thing. They cannot understand how a nation born in revolution because we wanted to determine our own future does not support them when they cry out for this kind of help. So, I would plead with you and you colleagues to act positively when this bill comes.

Finally, Mr. Chairman, even if this bill would get vetoed and we did not have the votes to override the veto—and candidly, right now I do not think we have the votes to override the veto—I think passage of the bill itself sends a signal of hope and concern to black Africa that is important for this Nation to send. So, I hope we will move ahead.

I thank you, Mr. Chairman.

[The prepared statement of Senator Simon appears in the appendix.]

The CHAIRMAN. Thank you very much.

Senator Simon is chairman of the Subcommittee on African Affairs and will be helping to chair the hearing.

Senator Cranston, I believe, wanted to make a statement, and then I hope we could get to our witnesses.

OPENING STATEMENT OF SENATOR CRANSTON

Senator CRANSTON. Thank you very much, Mr. Chairman. First, I commend you for reconvening hearings on strong legislation to combat the repugnant practice of apartheid. I regret this action is necessary. I regret that more progress has not been made.

As we debate the reasons, I want to make sure one point is clear on the record. This little secret is that constructive engagement still lives. Yes, this thoroughly discredited Reagan administration policy in effect remains in place. You will hear later today from

Reagan officials explaining why the trickle-down theory is still South African blacks' best hope for progress toward freedom in the view of those Reagan spokespersons.

You will hear about why we need to maintain economic ties with the apartheid regime; why we need to remain fully engaged in a meaningful dialog with a repugnant government.

We will hear testimony from the Reagan administration questioning the efficacy of economic sanctions even though this is the same administration which enforces sanctions against Nicaragua so vigorously that jeeps with baby food are prevented from driving south across the Mexican border and even though this administration has reported in writing that the 1986 Anti-Apartheid Act sanctions "registered an important message to the white South African community and have contributed to our efforts to broaden our contacts with black opposition groups."

I look forward to seeing how these logical inconsistencies can be reconciled by people appearing before us representing the administration.

As far as I can see, there is little choice in the matter. We are now obligated by law to take the necessary next step to curb sharply our economic relations with the South African regime. The Comprehensive Anti-Apartheid Act of 1986, passed over a Presidential veto by a vote of 84 to 14, says that "it shall be the policy of the United States to impose additional measures against the Government of South Africa if substantial progress has not been made within 12 months of the date of enactment of this act in ending the system of apartheid and establishing a nonracial democracy."

Plainly, the situation in South Africa has hardly improved. It has, in fact, become worse. The extent to which we as a nation choose to do business with a racist regime in South Africa boils down to a moral issue. Whose side are we on? How do we demonstrate our support to the forces of democracy in South Africa? These are the issues.

While these are moral issues, there is no question we are dealing with critical strategic interests in South Africa as well.

We must develop a strong relationship with the black leaders who will one day have a strong voice in governing South Africa.

We must also find a way to convince the white minority that we will resume normal relations once progress is achieved and that we will seek to protect their political rights under majority rule.

We must make clear our commitment to human rights, democracy, and freedom for all South Africans, black and white. I welcome this opportunity to reexamine the issues in South Africa and to evaluate what our next step should be to most effectively bring an end to the evil of apartheid.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Cranston.

Now we turn to our ranking minority member who is here in the unaccustomed role of witness, Senator Helms.

Opening Statement of Senator Helms

Senator **Helms**. Mr. Chairman, I can understand how some of the witnesses come in awe as I am sitting on this side of the podium, but I do thank you for the opportunity.

Before I begin, Mr. Chairman, let me call to the attention of my colleagues the report being submitted through the distinguished chairman by Phil Christenson, the senior professional staff member of the Foreign Relations Committee. Mr. Christenson has just returned from a 2-week investigation in five African countries with regard to alleged human right abuses by the African National Congress. He personally interviewed at my instructions dozens of black Africans who escaped from ANC camps.

I might say parenthetically that I sent Mr. Christenson on this journey with specific instructions that he was to go with no preconceived notion, that he was to find the facts as they are and report them as they are. He has done that, and I commend it to the attention of each member of the committee and particularly the U.S. State Department.

Mr. Christenson's contacts, which included former ANC members, reported that, and I quote, "arbitrary detention, beatings, torture, and even death from beatings routinely take place in the African National Congress camps in Tanzania."

He also reports from confidential and reliable sources—and obviously they are confidential because they do not want their heads cut off or they do not want tires put around their neck and filled with gasoline—that at least 10 executions of political dissidents or suspected spies take place every year at the ANC prison camp in Angola.

The **Chairman**. Excuse me. I cannot hear.

Can you hear in the back of the room?

No. Please speak a little louder.

Senator **Helms**. Very well.

His findings are most disturbing and far more thorough than the 1-page report presented by the State Department in response to a congressional mandate to report on the ANC detention camp situation, which by the way has been given scant, if any, coverage by the major news media of this country.

I think the State Department should use every means at its disposal to get the ANC to renounce such practices and to ensure that black South Africans seeking refuge from the ANC are given fair treatment and, if necessary for their safety, asylum in the United States.

Again, I commend this report to my colleagues on the committee and, in fact, to all Members of the Senate.

Now then, Mr. Chairman, I deeply appreciate the courtesy afforded me the opportunity to testify as a witness as to my reasons for introducing and for urging favorable committee action on S. 1658, a very simple, brief bill which would repeal the Comprehensive Anti-Apartheid Act of 1986.

Now, the primary reason for my belief that the so-called antiapartheid act should be repealed is that its practical effects in South Africa have reduced rather than enhanced the prospect for expansion of political participation by nonwhites in that country.

Indeed, the comments by my distinguished colleagues preceding my testimony verify the effect of the sanctions of 1986 imposed by the Congress of the United States.

First, the committee should note that at the time of the passage of sanctions against South Africa, the apartheid system had in fact already been virtually dismantled. The most critical exceptions were the Group Areas Act and, even more significant, the issue of political participation and suffrage for blacks.

Since sanctions, South Africa has made some progress toward greater political participation and toward relaxation of the Group Areas Act, but progress has noticeably slowed as a result of the 1986 sanctions.

In August of last year, I made an independent visit to South Africa at no expense to the taxpayer, I might add, for the purpose of assessing for myself the effect of sanctions on the various economic and racial groupings. I met with leaders from the broad spectrum of South African society, including South Africans of Indian, Mele, Coloured, Afrikan, black, Pakistani, and English descent.

I also met with countless average individuals working in agricultural, industrial, and service industries. I had no guided tour. I went where I wanted, and I talked with people in all walks of life.

Virtually every one with whom I spoke from all of these various stations and conditions of life saw sanctions as harmful to the political process and to their own personal interest. I found not one person who said the 1986 sanctions are helpful.

Although the reasons were expressed in a variety ways, reflecting a variety of viewpoints, the underlying message was clear and consistent: The true political progress in South Africa, as in any country, is directly dependent upon economic progress, and that sanctions, by retarding economic progress, were thereby retarding political gains.

Now, all true democracies that exist now or have ever existed have one common denominator; that is, that the participants in the democracy in varying degrees must have a significant economic stake in the society and, indeed, thereby have the economic leverage to secure and maintain political rights.

Sanctions imposed by the United States have fallen most heavily on the very groups with the least economic strength and have, therefore, darkened rather than increased their hope for political rights and participation to any greater degree.

Now, if the purpose of sanctions is to assist in securing greater political rights for the nonwhite group of South Africans, then sanctions have not only failed, they have as well actively impeded efforts to reach that goal.

If sanctions, on the other hand, were intended by their proponents to radicalize the South African political process, then an argument can be made that they are succeeding by exacerbating the economic disadvantages of millions of nonwhite people.

In other words, if Congress intended sanctions to help bring about a paper constitution proclaiming universal political rights but accompanied by the real power of a Soviet-modeled military dictatorship, then that outcome indeed is being made more likely day by day.

Now, I do not believe that the majority in Congress who voted for sanctions in 1986 had that intention, nor do I believe they sought to enhance intransigence within the white political framework. Yet, Mr. Chairman, that has been the clear result.

The economics of virtually the entire balance of the African continent is beholding to various forms of military dictatorship, often Soviet dominated or heavily influenced by the Soviets.

South Africa, because of its economic and industrial might and potential, is one of the very few countries in Africa in which significant political freedom exists at all and, more importantly, it is one of the very few countries where there is true potential for the expansion of political freedom.

For that reason alone, Congress was clearly mistaken, in my view, in striking at the very foundation for political freedom while proclaiming a contrary intent. Yet, South Africa, while facing its own internal problems and ill-advised efforts to curtail its economic growth, is also literally on the frontline against Soviet imperialism, and we will ignore that at our own peril.

Blacks, nonwhites, and whites, soldiers of the South Africa Defense Force, are literally in daily combat with modern Soviet surrogate forces, chiefly, of course, the Cuban and Angolan armies, while also simultaneously combating terrorist and guerrilla attacks from the Soviet-controlled African National Congress and the Southwest African People's Organization, known as SWAPO.

Now, Mr. Chairman, since 1975 the Soviet Union has poured more than $4 billion in money equivalent to United States dollars in modern military weaponry into Angola alone.

In 1987, Angola received over $1 million in terms of United States dollars in preparation of their fall offense, code named Second Congress.

Today, Angola is one of the most heavily armed nations in the world according to Jane's Defense Weekly, and the second region of Angola totals one-quarter of the 54,000 Cuban land force. This force includes an armored division of over 400 T55 and T64 tanks, 6 rifle regiments of between 1,500 and 2,000 troops, and an artillery regiment of 122-millimeter D30 guns, a 122-millimeter BM21, and 240-millimeter BM 24 mobile multiple rocket launchers.

There is also an air defense regiment with SA2, SA3, SA6, SA8, and SA13 antiaircraft missiles and ZSU234 antiaircraft guns supported by a multitude of regular support systems, including the Soviet flat base, the spoonrest, and the bar lock system.

Furthermore, the Cuban troops are themselves supported by three composite battalions of Cuban SWAPO troops. The Communists have also enlarged a supported airfield from 1,875 to 2,400 meters in length in order to handle advanced Soviet jet aircraft.

Now, it is important to understand that these are just the Communist troops and equipment on the southern border of Angola. There are additionally over 2,500 Soviet military advisers in Angola and a $1 billion per year arms shipment that started last year under glastnost. Mr. Gorbachev has complemented the additional deployment of 14,000 Cuban troops to Angola at the beginning of this year.

Now, then, against this background the committee must recognize that, like it or not, South Africans of all races are on the firing line in defense not only of their own country but also of southwest Africa and, indeed, the west generally.

South Africa is in a struggle against external military operations directed by the Soviet Union. These military actions by South Africans have preserved American access to central strategic materials and to free passage to the Cape of Good Hope. These actions have been costly in economic terms and in terms of human sacrifice and suffering.

So, I guess it's understandable, while virtually all South Africans engaged in the sacrifice from which we in the United States benefit so deeply resent the pious actions of the United States in beginning economic warfare against their country.

Moreover, I believe it's entirely unrealistic for Americans to expect major political change in a society facing an external threat of the magnitude posed by the military might of the Soviet Union and its surrogate forces. Countries fighting a war of any type but especially those for survival rarely reform their institutions in the midst of a battle.

I think it follows that rather than making plans to seek to destroy the South African economy, the United States should instead seek to assist in removing external Soviet military pressures, pressures which inevitably detract from internal political progress.

Senator TRIBLE. Would the Senator suspend for a moment?

Senator HELMS. I will finish in just one moment.

Senator TRIBLE. Can we have order, please, Mr. Chairman, in this hearing room? I would like to hear the Senator from North Carolina.

The CHAIRMAN. Very good suggestion, and I would suggest that guests and staff keep their conversations to whispers.

Senator HELMS. I thank you, Senator. I am about through.

The CHAIRMAN. I would like to welcome the father of Senator Trible, who is here with us today.

Senator TRIBLE. Thank you, Mr. Chairman.

Senator HELMS. Accordingly, in my judgment, Mr. Chairman and my colleagues, I think the administration should use every possible means to achieve a government of national reconciliation in Angola fully reflecting the broad popular support and strengths of the pro-Western forces of UNITA and with the total removal of all non-African troops whether Soviet, East German, Cuban, whatever, from Angola.

With that policy objective achieved, the objectives of U.N. Resolution 243 concerning southwest Africa could then easily be realized.

In conclusion, Mr. Chairman, I believe that the majority in Congress who unwisely, in my judgment, imposed sanctions upon South Africa in the first place should now have the wisdom on reflection to acknowledge that the purported goals were not served but were instead made more distant.

If Congress does indeed wish to see true political rights advanced in South Africa, then Congress should desist from efforts to destroy the economic fabric from which political rights derive. It should instead admit a serious mistake and promptly repeal South African sanctions by enacting S. 1658 which I have introduced.

I thank the Chair and members of the committee for your patience.

[The prepared statements of Senators Helms, Murkowski, and McConnell appear in the appendix.]

The CHAIRMAN. Thank you very much, Senator Helms.

I see that Senator Kennedy, who will follow you, is here with us. Unless there are any pressing questions, I would suggest that you come back to your normal seat.

Senator Kennedy.

Senator CRANSTON. Mr. Chairman, I would like to ask Senator Helms a question.

The CHAIRMAN. OK.

Senator HELMS. You wish to ask it now?

Senator CRANSTON. Yes. I would like to now, if I may.

I was interested to hear the Senator from North Carolina's attack on the antiapartheid initiative supported in 1986 by 84 of our colleagues in an overwhelming vote overriding the veto.

The Senator from North Carolina's critique echoes the same sad rhetoric that we have heard for years from the White House, the really discredited now constructive engagement policy. I think the White House has been wimpy on the moral issue of apartheid. We can flex our superpower muscles against tiny, weak Grenada or against the oddball leadership of Libya, but when there is a tough nut to crack, when real strategic interests of the United States are at stake as in South Africa, the Reagan administration quivers and quakes.

What bothers me is the inconsistency of this criticism of economic sanctions against the racist South African regime compared to the ready use elsewhere by the Reagan administration.

So, I would like to ask my colleague, Senator Helms, this question. You say sanctions against South Africa are no good, but I believe you supported sanctions against the Sandinistas in Nicaragua and sanctions against the Jaruzelski regime in Poland. Is that not the case?

Senator HELMS. Well, one is a Communist country, Senator, if you do not know that, and the other is not.

But in answer to your preliminary comment, I suggest you go over to South Africa as I have done on an independent journey, and you talk to the miners and the farmers and the leaders. You go talk to the Mayor of Soweto, sir. You have not done that. You sit over here on a pedestal and dictate to them.

I say again that the Congress of the United States made a serious mistake in 1986, and you, yourself, in your earlier comments said that nothing is happening. So, you cannot have it both ways.

Senator CRANSTON. I grant that not much has happened, but we have made plain where we stand on that regime as we have made plain where we stand in various ways on the regime in Nicaragua and on the events that were occurring in Poland at the time that sanctions were——

Senator HELMS. Well, you made clear where you stand with reference to the Communist Sandinistas. You stood with them every step of the way.

Senator CRANSTON. No, I have never stood with them. I carry no brief for the Sandinistas. I find their Marxist rhetoric and intolerance of democratic freedoms absolutely unacceptable and repugnant.

But my point is that we have seen you and others in this administration advocate sanctions in some cases and not recognize them in others.

I have one final question I would like to ask. I apologize for prolonging matters, but Senator Helms obviously will lead the opposition against strong sanctions now as he led the opposition last time. I led the floor fight in the 1986 bill. I expect to join Senator Kennedy, Senator Weicker, and others in leading the fight this time.

Let me ask you, Senator Helms, do you believe or expect that some day there will be majority rule in South Africa?

Senator **Helms**. I expect there will.

Senator **Cranston**. You do. If and when that comes——

Senator **Helms**. But it will not be done by rhetoric from the U.S. Congress, Senator, or a pious vote that has the absolute opposite of what they are proclaimed to be.

Senator **Cranston**. We do not want rhetoric; we want action. That is what we are seeking.

Senator **Helms**. That is right, and you do not do it by crippling the people and starving them to death, knocking them out of jobs.

Let me tell you something, Senator. I had farmers, black farmers, miners who came to me and said, please, I am losing my job. They cannot even export apples any more to the United States, one of their principal crops.

I wish you would go over there and take Senator Simon and others, Senator Pell, and do as I did, talk to the little people of Africa and see what they think. Ask them what they think about sanctions. Ask them if they want you, Senator Cranston, to knock out their jobs. They will tell you no, I believe, as did the Mayor of Soweto.

Senator **Cranston**. When majority rule comes in South Africa, if the United States policy has been one of business as usual with the white apartheid regime in South Africa, what do you think the reaction will be to the United States when it comes to new leadership if that is our record?

Senator **Helms**. Senator, it is not going to be done by passing pious legislation in the U.S. Congress. It has to be done on an economic basis.

Perhaps it would help a little bit if you would be concerned about the Communist government of Ethiopia and some of those, but you never say a mumbling word about that.

Let us get the Communists out of Angola and the rest of Africa, because that is where the battleground is. The Soviet Union wants Africa and all of its assets, all of its minerals and so forth, and they want to cut us off. Now, that is the big battle, and we ought to discuss that with some seriousness instead of making pious proclamations about how we hate this or we hate that.

Nobody likes apartheid. I have not found one Member of the U.S. Senate who has endorsed it, and I do not believe you have, either. But the difference is I do not want to further destroy the economic opportunity of the people of South Africa.

By the way, if South Africa is so bad, why are hundreds of thousands of people from other African countries coming in there regularly looking for work?

Thank you, Mr. Chairman.

Senator KASSEBAUM. Mr. Chairman.

Senator Helms, I have just a brief question, please.

The CHAIRMAN. I know that Senators Kennedy and Weicker have a markup, so I must ask my colleagues to try to limit ourselves as much as we can.

Senator KASSEBAUM. This is only a clarification because I was not sure I heard correctly, and I cannot find a copy of the statement.

Did you say that in South Africa there was protection of political freedom? Was that a comment you made at some point? That is how I understood it.

Senator HELMS. I will give you a copy of the statement.

Senator KASSEBAUM. All right. I could not find it. Thank you. I understand that you did not, and——

Senator HELMS. No, I did not say that.

Senator SIMON. Just one quick question.

You mentioned a couple of times the Mayor of Soweto. How is he selected?

Senator HELMS. He is elected.

Senator SIMON. By the people of Soweto? Is he not government appointed?

Senator HELMS. Not to my knowledge.

Senator SIMON. I think if you will check, Senator, he is appointed by the Government of South Africa.

Senator HELMS. Well, he is outspokenly opposed to apartheid. He agrees with you. He would sound like Paul Simon if he would come over here. Let him testify.

But the point he makes is you do not help the black people of South Africa by destroying their possibility of making a living.

Now, I do not know whether or not he is elected, but he is the mayor, and I tell you, I walked down the street with him and everybody waved just like they do Paul Simon when you walk down the streets of Chicago.

[Laughter.]

Senator SIMON. All right. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Helms, your seat is here.

Senator Kennedy and Senator Weicker, if you will come forward.

Senator Kennedy, we are glad to welcome you. I know you have a markup at 10:30.

STATEMENT OF HON. EDWARD M. KENNEDY, U.S. SENATOR FROM MASSACHUSETTS

Senator KENNEDY. Thank you very much, Mr. Chairman and the members of the committee.

This hearing today is another chapter in one of the most profound congressional debates about American foreign policy in the history of our Nation. The issue is whether the United States will continue to provide economic support for apartheid in South

Africa, or whether we will now at long last end our commercial ties to that abhorrent system.

We are being tested today and in the coming months, and the outcome of that test will surely be seen as a measure of this country's commitment to our own most fundamental values.

The issue is not new. Congress debated United States policy toward South Africa back in 1984, 1985, and again in 1986. Out of those deliberations came strong and principled American action against apartheid for the first time in the 40-year history of that evil system. But more is required of us now.

In 1986 when it enacted the Comprehensive Anti-Apartheid Act, Congress made a promise. Section 501(a) of that law states, "It shall be the policy of the United States to impose additional measures against the Government of South Africa if substantial progress has not been made within 12 months of the date of the enactment of this act in ending the system of apartheid and establishing a nonracial democracy."

That promise was a commitment, a commitment to the American people as much as it was to the victims of racism and oppression in South Africa.

Senator Weicker and I are here today to urge the members of this committee to make good on that promise. The promise that we made in 1986 is consistent with the recommendation that the President's own advisory committee made 3 months later in January 1987. That committee stated:

"If Pretoria remains intransigent, the international community will have to address the adoption of additional diplomatic and economic steps. These might include a comprehensive multinational trade embargo. . . ."

Since then, there has been no progress in ending apartheid. Pretoria has not only been intransigent, it has thumbed its nose at those who speak for human rights. As President Reagan himself recognized in his report to the Congress 8 months ago, none of the goals outlined in the act have been fulfilled.

There are those who argue that even those mild sanctions in place today should be removed because they have been ineffective. But it is absurd to reward Pretoria's policy of increased repression in 1987 and 1988 by lifting the sanctions we imposed in 1986. That is a counsel of weakness and a counsel of defeat, not the strong and confident course of an America speaking for freedom and human rights throughout the world.

Retreat now would break faith with our own people, with the people of South Africa and with all who care about justice throughout the Earth.

In fact, the situation in South Africa today is worse than ever, and it is not because of anything the United States has done and said in support of freedom in that country. Long before Congress decided on sanctions, South Africa made its own decision to arrest, detain, beat, torture, shoot, and frequently to kill anyone who dared to work against apartheid.

South Africa chose the path of most resistance—resistance to change, resistance to justice, resistance to freedom for its people.

To those who blame American sanctions for the wave of violence that has swept over South Africa since 1986, to those who argue that sanctions were counterproductive, I say do not rewrite the history of those times. Congress enacted that law in 1986 in response to the violence and brutality already being used by the apartheid authorities. That legislation became law because of the massacre at Langa, because of the forced removals and the police attacks on Crossroads, because of the brutality of the military occupation in the black townships of the Vaal Triangle, because of the cross-border raids and assassinations in Zimbabwe and Botswana.

Mr. Chairman, I would put into the record the news article from this morning's Washington Post that refers to the most recent raids into Botswana by South African Defense Forces. These attacks took place in the last 12 or 18 hours. In the last 3 years, at least 23 people, mostly Botswana citizens, have been killed in these cross-border raids.

The **Chairman**. Without objection, they will be inserted in the record.

[The information referred to appears in the appendix.]

Senator **Kennedy**. Since 1986 the policy of repression has continued and intensified. As the President's own report to Congress stated last October,"Blacks in South Africa face increased repression, harassment, and, even in the case of a significant number of minors, imprisonment. Press censorship has been intensified. Illegal cross-border raids by South African security forces into neighboring countries have resulted in the loss of innocent lives." This is the President's report.

Then last February, the South African Government tightened the screws even more when it effectively banned 18 organizations and restricted the activities of 17 individuals.

Our Government's reaction to South Africa's reign of terror has been inadequate. Rather than taking steps to increase the cost of Pretoria's recalcitrance, the United States has rewarded it. Rather than imposing new sanctions to respond to South African new repressive measures, the United States has protected apartheid by vetoing—on two occasions—the Security Council's resolution calling for mandatory economic sanctions just 1 month after the brutal crackdown last February. That action was totally inconsistent with the spirit and the letter of the comprehensive antiapartheid laws.

But more than that, the U.N. vetos in 1987 and 1988 undermined much of what had been accomplished by Congress over the President's veto in 1986. Congress could override one veto but could do nothing about the others.

It is one thing to argue as we do here today that Congress should impose additional sanctions. It is another thing to say as we also do here today that the time has come for the United States to impose a comprehensive trade embargo and require American business to withdraw completely from South Africa. This is the heart of the legislation that we have introduced and that we urge you now to support.

Whatever Congress chooses to do in shaping United States policy toward South Africa, we should be guided by two principles: First, our policy should be consistent with our own Nation's moral values; second, our policy should be effective. What we do should make a difference. It should help the antiapartheid cause, not hurt it.

Without the first, no policy can be sustained over time because the American people will not support it. Without the second, our policy cannot succeed.

The legislation that we introduced on May 12, 1988, is based on one fundamental, indisputable premise: So long as the United States remains economically involved with South Africa either through our trading and lending relationships or through American investment inside South Africa, America is supporting apartheid.

So long as American commerce continues with South Africa, we live in a partnership with apartheid. Every time American consumers buy South African products, they give dollars to apartheid. Every time an American business sells a product to South Africa, it props up the apartheid regime. Every time an American bank extends credit to South Africa, we help to finance apartheid. Every additional day that an American company operates inside South Africa, America profits from apartheid and pays taxes to terrorists.

The moral basis for cutting off our economic relations with South Africa is clear and unequivocal.

There is also clear legal precedent for taking this action against South Africa. To cite just one example, in January 1986, the United States cut off all trade with Libya and forced United States businesses to divest assets from that country.

It was clear then that the Libyan Government supported international terrorism, as South Africa does today.

Libya sent hit squads to assassinate political opponents living in other countries, as South Africa does today.

Libya threatened neighboring states and destabilized other governments in the region, as South Africa has been doing for almost a decade.

Surely the strong embargo that the United States imposed against Libya, Cuba, North Korea, Syria, and Nicaragua is equally justified against South Africa.

But will a trade embargo work? Will mandatory disinvestment of United States assets in South Africa hasten the day when apartheid will end? There are, of course, no guarantees, and the path will not be quick or easy.

But we can say this.

United States influence inside South Africa is limited. Even at the height of their efforts, United States corporations inside South Africa could not end apartheid. Rev. Leon Sullivan has now called for them to leave—40 years of constructive engagement worked no better.

Ultimately, the crisis can only be resolved by South Africans inside South Africa, but United States influence from outside South Africa can help: By cutting off trade, by banning new loans, by pulling United States business out, by seeking to persuade other countries to join us in this effort, we can increase the cost of apartheid.

Eighty-two percent of South Africa trade is with six countries including the United States—46 percent of the South African foreign debt is held by four countries including the United States. If we would only work together to apply the squeeze, the apartheid regime will surely feel the pinch.

There are those who say that the road to freedom in South Africa is through economic growth, but there is no one in this room who would be willing to wait that long if he or she were a South Africa black.

There are those who say that waging economic war against South Africa will only hurt the people we want to help, the black workers, but those people are already being hurt more profoundly by apartheid than any trade sanction that we could possibly devise or impose.

I urge the committee today to look at this problem with a fresh eye and from a new perspective. First, look at United States policy through the eyes of South African blacks who live every day with the crippling violence of apartheid and who see every day that American citizens continue to profit and prosper from a system that oppresses them.

Then look at this issue through the eyes of the American black community. What we say and what we do in the coming months will send a message not only to the victims of apartheid when we seek to help, but also to large segments of our own society who ask simply for the United States to live up to its own ideals and who wonder simply whether those ideals are limited to those people in the world who are not black.

Congress made a promise in 1986, but our ancestors made an even more important promise in 1776 when they proclaimed that all people are created equal and endowed by their creator with certain inalienable rights, the right to life, liberty, and the pursuit of happiness.

The continued success and vitality of the great American experiment rests in no small measure on our continued willingness to be true to that simple eloquent promise.

We spoke then, 200 years ago, not only for our people but for all people in all parts of our common planet. Throughout our history we have often been summoned to demonstrate anew the United States stands for freedom and for justice not only for some people but for all people; not only for white people but for black people and brown people; not only for Americans but all who share our hopes and dreams.

To make good on that promise today, we must end our Nation's complicity with the racism and terrorism that is South Africa. To be true to ourselves and to our country, it is time for Congress to say that American business has no business doing business with apartheid.

[The prepared statement of Senator Kennedy appears in the appendix.]

The **Chairman**. Thank you very much, Senator Kennedy.

Senator Weicker, the cosponsor of the legislation, will testify next.

STATEMENT OF HON. LOWELL P. WEICKER, JR., A U.S. SENATOR FROM CONNECTICUT

Senator **Weicker**. Thank you very much, Mr. Chairman. I certainly associate myself with the eloquent remarks of my colleague, Senator Kennedy.

I will ask unanimous consent that my statement in its entirety be placed in the record.

The **Chairman**. Without objection.

Senator **Weicker**. I am going to be very brief. I am going to read one paragraph from it and make one statement and leave it at that.

I say in the statement: Let me highlight one particular provision of S. 2378. One failing of the 1986 law was that it gave the President an option with regard to multilateral measures to undermine apartheid. The President has chosen to ignore his option.

In the context of a superpower summit, he speaks volumes about the dignity of the individual in the face of the modern state and marvels what people will, and I quote, "suffer to be free." Yet he fails to give the people of South Africa the same credit.

Events of this week highlight the lost opportunities. The economic summit of the seven major industrialized nations has come and gone with only one statement on apartheid, which is, "we abhor it."

Well, I do not think that is enough. A few words mumbled between cups of tea are no substitute for concerted international action. With this in mind, the new legislation expressly requires the President to confer with other industrialized countries "in order to reach cooperative agreements to impose sanctions against South Africa."

Now, Mr. Chairman and my colleagues on the committee, we have been at this course based on principle for a little more than 1 year, and already the wringing of hands, the moaning, the groaning, the whining. We have not suffered at all. All that has been asked of us is that we stay the course.

I know that we in this country are used to the course lasting 24 hours, 1 week, 1 month. I have been here 18 years while the course was apartheid. So, we have only been at it 1 year, and I would hope that the message you send, all rhetoric aside, is that we are staying on course and we are not going to be dissuaded by any minor inconveniences to this Government.

Just yesterday I had certain representatives of corporations in this country in my office bewailing the fact that they had some difficulty vis-a-vis strategic materials. I really find it hard to be sympathetic when to them it is an inconvenience, whereas to a mother and a child in South Africa, that child's future is lost.

So, I think the least the United States can do is to demonstrate its staying power, its conviction in the ideals of this Nation and continue to send the message that this is a matter we do not intend to live with in the international community.

You, Mr. Chairman, and every member of this committee knows exactly how to get South Africa's attention if we wanted to: Cut off their oil in concert with other nations around the world. Believe me, you would have their attention.

Now, let us get to that business rather than finding out where sanctions are not working. They will work when we want them to work. Right now, South Africa is a land far away, and we have more interesting things to do here. The difficulty is apartheid affects each one of us as American citizens.

Thank you very much, Mr. Chairman.

[The prepared statement of Senator Weicker appears in the appendix.]

The CHAIRMAN. Thank you very much for being with us. I know you have a markup shortly.

Are there any questions from the members?

Senator CRANSTON. I would like to thank both Senators for their very, very strong statements. I think they were heartfelt, and I hope we can follow the leadership you are providing.

The CHAIRMAN. Thank you, Senators Kennedy and Weicker.

Senator Symms will now come forward. He is a cosponsor of Senator Helms' legislation.

Senator Symms.

STATEMENT OF HON. STEVEN D. SYMMS, A U.S. SENATOR FROM IDAHO

Senator SYMMS. Mr. Chairman and members of the committee, I first would like to thank the chairman and the members for allowing me the opportunity to testify here this morning before the Foreign Relations Committee.

Mr. Chairman, as you start these hearings, you are going to hear testimony from various witnesses as to whether or not the United States should implement new and tougher sanctions against the Government of South Africa.

Mr. Chairman, I would just say that in my opinion, the implementation of the sanctions that we did impose on South Africa in 1986 are foolish at best and hypocritical at worst, with all due respect to many members on this committee who may disagree with my view.

The reason I use the word "hypocritical," the policy of the United States today as I see it and as you all know that it is is to open up trade with the Soviet Union. The Soviet Union is a nation that has thousands of nuclear warheads targeted on the people and cities of the United States of America, and to the best of my knowledge South Africa has always been on our side in all struggles that this country has engaged in. I think that that is why I find it "hypocritical."

Later in my testimony I will point out what is happening with the purchase of critical minerals and materials where we are, in fact, feeding the Communist bloc countries and encouraging their economies at the expense of our own economy and at the expense of the black underprivileged workers in South Africa who need better jobs, who need an opportunity for economic upward mobility.

These sanctions are hurting those very people that we claim they are helping.

In 1986, some Members of Congress believed that we had to send a "message" to the South African Government. That " message" said we would impose economic sanctions in an effort to dismantle their apartheid system. The United States Government established the specific conditions and objections it wanted the South African Government to meet before we would consider lifting the sanctions.

In terms of carrots and sticks, Mr. Chairman, the U.S. Government and Congress chose the policy of sticks only. In 1986, the Congress told the world that constructive engagement, a policy that the administration had pursued, had failed. So, the Congress aptly created a new policy which I would name "destructive disengagement" because the South African Government would change its policies and laws faster once it got our message. The new message was the Congress of the United States has a big stick—sanctions.

Now, 2 years later, after predictable failure, we are told we must find a bigger stick. That is why I support the bill of Senator Helms, to simply repeal what we have done and get on with constructive engagement and try to work with the people in South Africa instead of trying to make a new enemy for the United States of America.

I believe, Mr. Chairman, that 2 years of the policy of destructive disengagement is long enough. It has failed. Moreover, it cannot be fixed by additional destructiveness and total disengagement.

In 1986 we sent our message, Mr. Chairman, but who received it and what was their response? On May 24, 1988 the conservative party of South Africa issued this press release. "We are faced with a total sanction effort by elements in the U.S. Government. What sort of effect does this have on South Africa in general and the mining industry in particular?"

The press release goes on by saying, "The price of platinum and other strategic minerals are already increasing, which is confirmation that one thing the world fears is a suspension of deliveries of South Africa's strategic minerals, the card a courageous South African Government should have played a long time ago."

There ~~is~~ always a temptation among governments to meet the threat of sticks with sticks, and as platinum prices rise and catalytic converters cost more money and the price of producing automobiles in the United States increases, I hope that someday some way this Congress will have the courage to tell their constituents what part of the cause of the whole problem is and not try to sweep it under the rug and say that it had nothing to do with sanctions on South Africa.

The response of our message is alarming, to say the least. It is clear, Mr. Chairman, that the South African Government has not buckled under to the pressure applied by the United States. Indeed, Mr. Chairman, it has been and will continue to be U.S. business and national security interests that suffer the most under a program of economic sanctions.

I pray for the day when this Congress will be enlightened enough to realize, Mr. Chairman, that we need South Africa for the strategic minerals and the strategic geopolitical location that they are on the globe much more than South Africa needs the United States of America and the rest of the free world, for that matter. They will get along quite nicely without us, but we will suffer greatly without them.

Mr. Chairman, an example I give could happen in any of the 50 States that have any kind of small foundries in operation, which is all of our 50 States.

In my home State, Dave Organ, the president of Gem State Alloys, has expressed his deep concern about sanctions legislation and the effects it will have on his small company. Mr. Organ operates a small foundry specializing in longwearing parts for agriculture and industry.

The parts his foundry produces are among the highest quality in the wear part industry. To achieve this quality, these parts require an unusually high chrome content. However, his customers can expect 10 to 20 times the lifetime usage as compared to other similar products containing less chrome.

Unfortunately, the United States produces no chromite ore. Most of ours, Mr. Chairman, is locked in wilderness areas where we deny the human race access to those minerals. Industries like Mr. Organ's are relying heavily on South African supply because we have none of our own. Mr. Organ paid 57 cents a pound for chrome 12 months ago. Today the price has risen to $1.08 a pound.

When Congress sent its 1986 message, South African mining companies assumed that the U.S. markets were at least uncertain. Accordingly, they went about making special efforts to attract buyers in other markets. Today the South African supply of minerals in the United States industry is more volatile because of the 1986 sanctions act.

As a result, U.S. industry is forced into other mineral markets paying higher prices. Meanwhile, our foreign industry competitors continue to buy from South Africa, paying lower prices than they were paying in 1986. That is the result of our message, and I notice that the answer Congress has had is to pass the protectionist trade bill, trying to figure out why sometimes our cost of production is higher than that of our competitors. So, we are going to charge a tariff or something and come up with another scheme to offset it with more Government intervention.

As Mr. Organ's business continues to expand, so will his demand for chrome. However, should additional sanctions be enacted, he can only expect to pay a premium price, making his foundry in Idaho less competitive with similar foundries in foreign nations.

Because he is much more knowledgeable in this situation, Mr. Chairman, I would like to ask unanimous consent that his brief comments be included in the record following my remarks.

The CHAIRMAN. Without objection.

[The information referred to appears in the appendix.]

Senator SYMMS. Mr. Chairman, another glaring example that affects U.S. domestic workers is the U.S. coal industry. A recent study by the Wharton Econometrics found that the United States embargo on imports of South African coal caused that country to decrease its coal prices to maintain its world market share. As a result, U.S. coal exporters lost $250 million because they had to meet that price in the world. They lost $250 million in 1986 and 1987, and the National Coal Association reported that this meant 3,000 to 7,000 jobs were lost by U.S. coal miners because of the interference that the sanctions had, driving the price of coal down on the worldwide market, affected the coal miners in other States in the United States that are in the business of exporting coal.

In 1987, black coal mineworkers conducted a major strike which lasted approximately 3 weeks. By imposing U.S. sanctions, the U.S. Congress misled these mine workers to anticipate dramatic political and social change. Mr. Chairman, that dramatic change has not come, and the miners have suffered the consequence following Congress' lead.

The cost to black mineworkers in that strike was approximately $60 to $70 million in wages and the loss of an estimated 40,000 jobs.

How in the world can we say we are helping the blacks when we are causing more unemployment indirectly and directly with the impact of the sanctions on South Africa?

The United States, with our "message" and false expectations it engendered, shares indirectly some of the responsibility for that miscalculated miners' strike which nearly destroyed the union.

Now that we have sent the message and created the false expectations, it is very apparent to me who has borne the consequences. It has not been those whom the sanctions were intended to hurt. It has been those whom the sanctions were intended to help.

I know that my colleagues in passing these sanctions did have in many instances noble intentions, notwithstanding domestic politics, but they did have noble intentions because, as Senator Helms said, everyone in the United States that I know of is opposed to apartheid. I have never met anyone in this country that approves of apartheid.

Yet, the consequences and the cause-and-effect relationship between our actions and the result have not been what was intended by the Congress.

Mr. Chairman, just to back this up, I found one of the most convincing arguments against the sanctions came from Mr. James NcGoya, the president of the South African Black Taxi Association. During his testimony before the House Subcommittee on Africa he said, "I sat in this room yesterday and heard people say that if the sanctions make black people in Africa suffer more, that does not matter because they are suffering already, and they won't mind suffering more. I even heard them say that whether more sanctions would bring down apartheid doesn't matter because imposing sanctions puts America on the right side of history."

He goes on further to say, "Does that mean you really do not care what the black people of South Africa want? I ask you. Listen to our voices before you decide that black children must go hungry so that you can be on the right side of history."

I would make that appeal again this morning, Mr. Chairman. What we are doing here is hurting the very people we claim we would like to help. It is about time we wake up and try to help these people and not try to have some biased point of view that we are going to be on the right side of history.

Mr. Chairman, let me repeat the argument of those supporting sanctions: That imposing sanctions puts America on the right side of history. Is that really how our sanctions program will be judged by historians? Based on the information I have received, I certainly do not think so.

I believe the most effective method to encourage black economic development and bring peaceful internal reform is through stronger cooperation between the United States Government and private business and the industry operating in South Africa. However, the sanctions legislation of 1986 and that which is being considered by this committee is going to destroy that alternative.

Mr. Chairman, all we have to do is look at the history of the United States of America. Why do we want to force South Africa into a situation where they have to spill the same kind of blood to solve the problem that we did in this country 125 years ago? Why are we forcing that on another country by our actions and making the situation more polarized and less able for the moderates on both sides of the argument to work out their problems?

The most significant threat to peaceful reform is the current disinvestment campaign. Though economic sanctions may not cripple the South African economy, the true harm comes from the impact those actions have on the South African population growth and the decreasing provision of jobs.

What happens is the blacks get poorer, and the white segregationist South Afrikaners get richer. That is what is happening, because the U.S. companies are selling out for 10 cents on the dollar and making new millionaires and some billionaires out of people who have a hardline position on the issue that we say we want to help.

So, what we are going to do is pull out, and we will have no help. By assisting South Africans, the economic growth raises incomes, creates jobs, and increases opportunities for the entire population.

President John F. Kennedy once said, "a rising tide floats all ships." Now, I think if there was ever a case to apply that statement, it certainly applies to United States business investment in South Africa and the potential it has to better the lives of all South Africans' economic growth and help develop a wealthy middle class in South Africa, both black and white.

Finally, I am concerned that the proposed legislation has weakened, if not eliminated, the major elements of section 502 of the 1986 Sanctions Act. As you know, I was the chief sponsor of section 502, which would allow the President to suspend a provision of the 1986 sanctions if it resulted in increased reliance on the Soviet Union or another Communist bloc country for a strategic mineral.

In relevant part, that amendment states, "The President may lift any prohibition contained in the antiapartheid act imposed against South Africa if the President determines and so reports to Congress that such prohibition would increase United States dependence upon any member country or observer country of the Council for Mutual Economic Assistance for the importation of coal or any strategic or critical material to an amount which would exceed by weight the average amounts of such imports from such country during the period of 1981 through 1985."

Section 502 of the antiapartheid act simply seeks to ensure by imposing sanctions against South Africa that we do not become more dependent on the extremely unreliable Communist bloc nations of the Council for Mutual Economic Assistance for our strategic minerals.

Mr. Chairman, during the Senate floor consideration of the antiapartheid act, this provision was overwhelmingly endorsed by the Democrats and Republicans. In fact, Mr. Chairman, you stated, and I quote, "I think the Symms amendment is an excellent amendment, and I trust we will all support it." We did all support the amendment, Mr. Chairman, with your assistance, and the Senate approved it by unanimous vote.

I have testified before the Foreign Relations Committee on Africa as to the findings that have been made with regard to section 502. Simply put, Mr. Chairman, the record shows clearly that there has been a dramatic increase in our dependence on the Communist bloc countries for our strategic and critical materials.

I have with me the most recent report from the Department of Commerce which details the types of minerals and materials we are receiving from the Communist bloc countries and the amounts thereof. So, what we are doing is we are helping the Communist countries.

I heard my two previous colleagues who testified alluding to the evil empire of South Africa. I might just point out that the Soviet Union in the last 7 years has killed 1 million citizens of Afghanistan. They have driven another 3.5 to 4 million of the people out of the country, forcing them to live in very unpleasant conditions in refugee camps. Last year they killed 250 innocent Pakistan civilians, women and children and wounded another 750 with a state-supported terrorist run operation in Pakistan where the KGB are running the operation, killing innocent Pakistans, trying to bully the Government of Pakistan to stop helping the Mujahidin.

We are in fact now buying more materials from those countries that do that, the same countries that have nuclear warheads aimed at the United States, at the expense of our national security and the black miners in South Africa and somehow saying that that is good policy for the United States of America.

It is simply staggering, Mr. Chairman, to allow this to happen. These increases should be enough to shock anyone. I have this report here. I would be happy to provide it for the committee record or for the committee report, wherever the chairman or the committee members would prefer to have it.

This country's security should be our most important consideration. The figures that the Commerce Department have produced amply demonstrate that the existing sanctions now threaten our own strategic security interest.

Mr. Chairman, I might say that since the sanctions have passed, we have made ourselves more dependent upon Communist country-produced strategic critical minerals which are necessary for the armor in our tanks, for the steel that goes into our jet engines, for our weapons program.

We have also put ourselves in tradition with the passage and the ratification of the INF Treaty that we are more dependent on conventional weapons which require more of these same materials. So, we are making ourselves more and more dependent on our so-called adversary that we are building these weapons to defend ourselves against.

So, Mr. Chairman, what I am saying is in my opinion I believe we should be considering whether the 1986 sanctions that now threaten our security and should be repealed, not whether we should make the sanctions tougher, not considering whether we need more.

I trust, Mr. Chairman, in light of the previous support, that we can work together to solve this serious problem. But I think that we have a problem here. It is not being noticed, and I think that for us to go further with this folly of sanctions against South

Africa jeopardizes the security of the United States of America and our economic strength. In so doing that, I do not see how we can sit here in this Congress and tell our constituents that we are doing anything to help further the cause of peace and freedom in the world and to protect and preserve peace and freedom if we weaken the very bastion of peace and freedom—the United States of America.

Mr. Chairman and members of the committee, I thank you very much for your indulgence.

[The prepared statement of Senator Symms appears in the appendix.]

The CHAIRMAN. Thank you very much for being with us.

We have Secretary Whitehead in the wings.

Senator Helms.

Senator HELMS. Just a moment, Mr. Chairman. First of all, I thank you, Senator Symms, for bringing a modicum of reason to the consideration of this issue.

It is worse than you say with respect to strategic minerals according to a study I have on a desk, which I do not have here. This study shows that South Africa and its resources of platinum, rhodium, and so forth, if you leave that out, all of the other countries that produce these minerals, including the Soviet Union, cannot fill the United States need.

Are you familiar with that report?

Senator SYMMS. Yes, I am. It is interesting to note, Senator Helms, that the Japanese reports that I have that the Japanese are buying platinum like it is going out of style at a much higher rate than they need because they can see that there is a real squeeze coming on the platinum market, and they are going to take advantage of that opportunity and profit from that.

We will be buying that platinum for three times what we are paying for it today in the near future.

Senator HELMS. I agree with you absolutely, and we will ignore it at the peril of the survival of this country, indeed the free world. What we will be doing if we persist in this folly is forcing the free world to go to the Soviet Union and other Communist countries for these previous resources.

Is that your understanding?

Senator SYMMS. That is my understanding, Mr. Chairman. We probably have some of those resources in Alaska, but we will never know in our lifetime because we preclude exploration.

Senator HELMS. You are exactly right.

Now, also, I am told that 70 percent of the remaining United States imports from South Africa are in strategic minerals. Additionally, my information is that pressures may mount within South Africa because they are not sitting over there scared to death of us.

After all, a lot of folks are mad over there, and they are ready to retaliate against the United States notwithstanding the fact that 84, more or less, Senators engaged in a lot of rhetoric about being on the right side of history.

These people over there are trying to survive. The whole continent of Africa is at stake in this matter. We cannot expect them to sit over there like good little boys and girls and say, "Well, we are going to get along with the United States and we are going to help them notwithstanding their attacks upon us."

Do you agree with that?

Senator **Symms**. I do, Senator Helms. I not only agree with it, as I said in my statement we need the friendship and the alliance with South Africa much more than they need us. That is a point that has failed to register in the Congress of the United States.

Senator **Helms**. I said in my statement in response to a rather stern statement from one of the members of the committee that we can use all the rhetoric we want but no rhetoric is going to solve any problem. That is all these sanctions have been.

If you go further than this, all of Africa will be in jeopardy because the Soviet Union is sitting right there. They want the strategic resources of the continent of Africa. As you know, South Africa is pretty well ringed with Communist nations as it is.

I wish the American people could sit down with Jonas Savimbi as you and I have and let him talk about what the Communist countries are doing over there. You talk about apartheid. The brutality in Ethiopia where they deliberately starve people, we say nothing about that in the Congress. Once in a while a Senator will get up and make a remark or so, but you hear nothing about that.

I think the Senator's testimony was excellent, and I thank him for coming.

Senator **Symms**. Thank you very much, Senator, and thank all the Senators.

The **Chairman**. Thank you, Senator Symms, for being with us. If there are no further questions, we will ask if Secretary Whitehead, who is accompanied by Deputy Assistant Secretary Freeman, could come forward.

I would like to express the gratitude of the committee to Mr. Whitehead because South Africa is not an area of his particular specialization or interest. He was very good to agree to come on rather short notice when Assistant Secretary Crocker learned that he had to go to Great Britain this week.

For the more detailed questions and specifics, I am sure that Mr. Freeman has the requisite knowledge.

We look forward to hearing from you for the broad policy, Mr. Secretary, and look forward to hearing from you both on the questions.

Mr. Whitehead.

STATEMENT OF HON. JAMES C. WHITEHEAD, DEPUTY SECRETARY OF STATE, DEPARTMENT OF STATE; ACCOMPANIED BY, CHARLES FREEMAN, DEPUTY ASSISTANT SECRETARY OF STATE

Mr. **Whitehead**. Thank you very much, Mr. Chairman, for this opportunity to present the administration's views on S. 2378, the amendments to the Comprehensive Anti-Apartheid Act of 1986.

If enacted, this legislation could have important consequences for the future of American diplomacy in South Africa and in the southern Africa region. For reasons I hope to make clear in my testimony, the administration strongly opposes S. 2378.

American interests are not served by legislation which requires that we experiment in the economic destabilization of South Africa without genuine prospects of contributing to the solution of the country's problems.

Despite our strong objections to this bill, we are quick to recognize the feelings which motivated it. South Africa's apartheid system is repugnant to all Americans. While many governments tolerate or even surreptitiously encourage discrimination on the basis of ethnicity, only in South Africa is racial discrimination a civic duty and the failure to practice it a punishable offense.

Among nations which profess to identify with Western democratic values, only South Africa classifies individuals, herds them into groups and strips them of their individual political rights according to racial and ethnic criteria. This monstrous injustice affronts us all and cries out for redress.

Our aversion deepens when we are confronted by the stubborn resistance of the South African Government to appeal for a peaceful change. Successive generations of black activists during the defiance campaigns of the early 1950's and early 1960's, during the Soweto uprising of the 1970's, and in the latest wave of township protests from 1984 to 1986 have been shattered by progressively harsher and more sophisticated forms of official repression.

Despite repeated worldwide censure and the imposition of severe sanctions, some of them dating back more than 20 years, South Africa's governing elite remains steadfast in its determination to retain its monopoly on political power.

Injustice and inequity are entrenched in South Africa, but not all trends are negative. Over the past 10 years the nature of apartheid has changed markedly. Numerous petty apartheid provisions have fallen by the wayside. The Pass Laws have been scrapped. Central business districts have been opened to blacks, and black labor unions have been legalized and have made impressive organizational strides.

These changes testify to a growing awareness among many South African whites that apartheid in its purest sense is impractical and uneconomic, it not actually immoral.

Consistent with this trend is the finding of the Dutch Reform Church 2 years ago that no scriptural justification exists for the practice of apartheid.

Another insitutional pillar of the Afrikaner establishment, the Broederbond, also broke with apartheid orthodoxy at that time.

Regrettably, this willingness to dispense with some forms of racial discrimination has not yet developed into a consensus in favor of addressing the truly critical issue confronting South Africa, which is the issue of permitting all South Africans to participate in deciding how and by whom they are governed.

A clear and dispassionate analysis of the crisis gripping South Africa is required if the United States hopes to play a constructive role there. Our interests demand that we avoid the pitfalls of desperate activism on the one side and resignation and disengagement on the other.

We must accept that the transition to a nonracial democracy in South Africa will inevitably take longer than all of us would like. We must also understand that South Africans themselves, black and white, will be the agents of their own liberation with outsiders, including the United States, playing only a secondary role at best.

Above all, we need to acknowledge that such limited influence as we currently possess derives from our continuing presence on the ground in South Africa, a progressive United States business presence, an official aid program reaching out to tens of thousands of black South Africans, our persistence in urging South Africans to confront the imperatives of dialog and compromise and to consider what they are for as well as what they are against.

These are the most important assets we have for challenging apartheid. We can condemn, censure, and sanction as this legislation requires and hope against logic and experience that we can achieve some beneficial result; or we can take a longer view which refuses to disengage, preserves our lines of communication, our contacts and our limited resources within South Africa and positions the United States to intervene positively at the moment when our limited leverage can accomplish the most good.

Three years ago at the height of the violent unrest in black townships across South Africa, it was fashionable to argue that apartheid had entered its final crisis. Activists in South Africa exiled black leaders, and many observers in Europe and the United States predicted that only a final push was needed to topple the system. Comprehensive and mandatory international sanctions were thought by some to be precisely the push required.

These prognostications were obviously wide of the mark. Few persons familiar with existing power relationships in South Africa seriously believe that a rapid resolution of the crisis is possible with or without sanctions pressure. Surely it was unrealistic to expect the South Africa Government to respond to our pressure by ending the state of emergency, releasing political detainees or meeting any of the other conditions for lifting sanctions outlined in the Comprehensive Anti-Apartheid Act. Not surprisingly, the South African Government refused categorically to meet those demands.

Presumably in recognition of these factors, Congress has modified its expectations. In reporting out H.R. 1580, the House Foreign Affairs Committee described sanctions as part of a medium- to long-term approach designed to maximize both internal and external pressure on the apartheid regime.

The House report further notes that to ensure their effectiveness, sanctions must be multilateralized, that United States pressure alone will be insufficient to accelerate the pace of change in South Africa.

It should be clearly understood that the administration has consulted intensively with South Africa's main trading partners, all of whom are major allies of the United States. For the most part, these governments are strongly disinclined to either follow an American lead or to act unilaterally in adopting further punitive sanctions.

Our allies either reject or are highly skeptical of the premise that by destabilizing the South African economy the West can somehow engineer a relatively peaceful transition to democratic rule in South Africa.

Moreover, these governments judge, as does the administration, that international sanctions cannot be effectively enforced without recourse through military measures.

As some of you may be aware, we have received in the past 2 weeks separate official communications from the European Community and the British Government informing us of their deep concerns over extraterritoriality provisions in this bill. Passage of S. 2378, particularly the secondary boycott features, could lead to GATT disputes with our major trading partners and undermine the U.S. negotiating condition in the current round of GATT talks.

We should not, therefore, delude ourselves into thinking that it is possible to internationalize sanctions under American leadership. Our allies will resist this approach at least until such time as we can demonstrate convincingly that cutting trade links, selling off assets, and relinquishing contracts across the board in South Africa will result in something other than a costly symbolic protest.

The central fallacy of the sanctions approach is not simply that it is not feasible. Rather, the problem lies with the fundamental misreading of South African political and economic realities and with the acceptance of a false correlation between economic pain and positive social change.

Simply put, sanctions are the wrong tool brought to do the wrong job. Sanctions are the wrong tool because South Africa has the resources to resist an economic siege and has been preparing for such a contingency for many years. Although heavily dependent on international trade, South Africa has domestic deposits of virtually every key raw material input needed for an industrial economy with the major exceptions of crude oil and bauxite.

The South African Government and private sector have spent billions of dollars stockpiling strategic imports ranging from crude oil and bauxite to computer and aircraft parts. These stockpiles would provide a cushion against shortages until alternate sources of supply could be found or import substitution projects completed.

Based on previous experiences with international embargoes against South Africa, we believe that direct controls on shipments to South Africa would probably not prevent South Africa importers from obtaining the foreign supplies that they need. One possible exception could be certain high technology goods for which adequate enforcement mechanisms already exist.

With regard to South African exports, 65 percent of export earnings are made up of low-bulk, high-volume items such as gold, diamonds, and strategic minerals. Most economists believe that an effective boycott of these commodities would be difficult or impossible to enforce.

The remaining 35 percent, mainly steel and manufactured products, would be more vulnerable to a general boycott. Even here, however, a boycott would not be airtight. For example, in the past 2 years sanctions have closed 80 percent of South Africa's traditional export market for steel. Yet, South African steel exports were only down by about 2.9 percent through October of last year.

Given South Africa's proven capacity for trade realignment and diversion and its still untested capacity for full-scale sanctions busting, we estimate that even reasonably well enforced comprehensive U.N. sanctions would cut total export receipts by something less than 25 percent.

The net result of a total trade embargo on South Africa would almost certainly be far less dramatic than proponents of the sanctions approach believe. The impact is likely to be a moderate recession over the medium term comparable to the 1982–86 period in South Africa.

Over the longer term, constraints on growth and a decline in competitiveness would push South Africa deeper into recession.

But whatever the economic consequences, what counts is the political impact of sanctions. As one leading South African Marxist theoretician recently noted (in a reversal of his previous position) the criterian for sanctions should be the question of whether they consolidate the position of the black worker and black organizations. He concludes that sanctions do not meet that criterian. As I will point out, sanctions are far more likely to produce perverse results, mild discomfort at most for white elites but a risk of severe economic dislocation for the black workforce.

Sanctions, Mr. Chairman, are not cost free for the United States. S. 2738 will require U.S. business to find new markets, assuming they are available, for over $1.2 billion in annual exports of mostly manufactured and high technology goods. The forced liquidation of over $1 billion in direct U.S. investment will change little in South Africa except to consolidate the position of local business interests acquiring these assets at well below market value.

It is reasonable to expect that at least some U.S. companies will challenge the constitutionality of this provision on the grounds that it results in the confiscation of assets without fair compensation.

While the precise impact of sanctions on the U.S. economy is hard to measure, some industries will be more seriously affected than others. Studies indicate that the U.S. coal industry has already lost an estimated $250 million over the past 3 years. A sizable portion of the loss is due to market distortions caused by existing United States sanctions against South Africa.

Foreign customers of U.S. Government-enriching services who use African uranium provide approximately $350 million a year in revenue. Some of these customers will take their enrichment business to Europe and the Soviet Union if the United States cannot process their material.

These estimates do not include the potential cost of South African countersanctions. Even a temporary disruption of strategic mineral exports to the United States would have serious repercussions over a broad range of U.S. industries.

According to the U.S. Bureau of Mines, the direct economic cost to this Nation resulting from a decision to embargo South African strategic and critical minerals imports are estimated at $1.85 billion per year. About 94 percent of these estimated costs are for two platinum group metals, platinum and rhodium.

Platinum is primarily used in the production of automotive catalytic converters, and about two-thirds of 1986 total domestic industrial consumption was used for this purpose. In 1986 the United States imported 86 percent of its platinum supply from South Africa.

Outside the Soviet bloc, there are insufficient alternative supply sources to South Africa to meet United States platinum metal requirements. In 1986 the total production of countries other than South Africa and the Soviet Union, including domestic primary and secondary production, could only satisfy about 40 percent of the United States demand.

Rhodium is a very rare metal, absolutely essential for compliance with Clean Air Act auto emission standards for nitrous oxides. Omitting the Soviet Union and other centrally planned economies, United States consumption of rhodium was almost one-half of the Western world total.

The primary application of rhodium is in the production of automotive catalytic converters. Over 70 percent of U.S. consumption, 93,000 ounces in 1986, was used in this application. Rhodium demand is increasing worldwide as emission control requirements are placed on nitrous oxide emissions and as the control requirements are applied to a larger fleet of vehicles.

In 1986, South Africa provided about 53 percent of Western world supply, the Soviet Union 38 percent, and secondary recovery 5 percent. These are insufficient non-South African rhodium supplies to meet United States demand.

It should be pointed out that while the South African Government has never threatened the United States with a disruption or a cutoff of strategic mineral supplies, it has this option. Pretoria also has the option of slapping countersanctions on neighboring black states, all of whom are critically dependent on South African trade or transport routes or both.

Passage of this bill would put South Africa's intentions to the test with regard to both the United States and our interest in stable development of the region.

If sanctions are the wrong tool, they are also being used for the wrong job. Ostensibly aimed at influencing South Africa's key decisionmakers, sanctions miss this target altogether while hitting everyone else, causing collateral damage in precisely those sectors of South African society which are pushing hard for fundamental peaceful change.

If comprehensive international sanctions against South Africa are extended, we would anticipate that the main losers will be South African blacks. They will be the first to suffer the effects of a prolonged recession in terms of lost opportunities, lost jobs, and decreased government spending on black housing, black education, and services provided to black townships. This is an unintended and possibly a tragic economic implication of the sanctions approach.

At the same time, the forced withdrawal of United States corporations from South Africa will end funding and logistical support for a wide range of programs designed to promote black economic empowerment, foster black self-reliance, and build professional and leadership skills.

United States and other Western corporations play an important part in helping to sustain an estimated 2,000 such programs which exist at the grassroots level. In the face of mounting restrictions on most forms of opposition political activity, these programs provide a vital organizational network and fallback position for those blacks working to build the power bases necessary for challenging the government.

In less direct fashion, we stand to lose other opportunities to deflect repressive measures directed at blacks. If the threat of a total economic embargo on South Africa becomes reality, the South African Government will have even fewer reasons to heed outside advice on what it regards as its internal political affairs.

Although our standing with the South African Government declined sharply following passage of the Comprehensive Anti-Apartheid Act of 1986, we did retain enough influence to argue persuasively in favor of a stay of execution for the Sharpeville Six. We have also successfully lobbied to postpone and hopefully sidetrack pending legislation which could end all foreign funding to groups whose activities the government broadly defines as "political."

These are small but significant achievements. We cannot realistically expect to repeat them if we continue down the road toward punitive trade embargoes and the severance of ties with South African officialdom.

I cannot accept the argument that by inflicting additional economic hardship and political frustration on South African blacks we create the conditions necessary for a successful challenge to the apartheid system; nor is it reasonable to think that sanctions will have a demoralizing effect on white elites, thereby rendering them more vulnerable to pressures for fundamental change.

Under any conceivable sanction scenario, the South African Government will assign top priority to protecting white jobs and to ensuring that the police and military are funded at levels sufficient to avoid any decline in their capabilities.

The suppression of new outbreaks of black unrest is a foregone conclusion. To suppose that outside powers can rearrange government priorities through economic quarantines and reduced contact with South Africa is to misread tragically the staying power of the Afrikaner minority and its determination to put its security ahead of all other interests, including the interests of South Africa as a whole.

South African blacks will be the primary but not the only victims of an international sanctions campaign against South Africa. Other victims will be those South African whites who most identify with American democratic ideals and who support black aspirations for a more just society.

Leaders such as Frederik van Zyl Slabbert, Wynand Malan, Helen Suzman, and Denis Worrall staunch oppose an economic and diplomatic quarantine in South Africa. As they struggle to build bridges across South Africa's racial divide, they need the support that a strong United States presence, both official and unofficial, provides.

They have seen sanctions contribute to a siege mentality among whites which the ruling national party has successfully fostered and exploited by converting to its ranks thousands of relatively moderate English-speaking voters over the past 2 years.

They have also witnessed a steady erosion over the past year of fundamental civil liberties even in the hitherto protected sphere of white politics. The same noose which has been used to strangle black dissent is now coiled expectantly around the white reformist opposition. By dissociating ourselves with South Africa, we simply make it easier and less costly for authorities to pull that noose tighter.

By the same token, ultraconservative factions in South Africa are increasingly drawn to the prospect of cutting trade links, ending the United States business presence in South Africa, and limiting contact with the West. From their standpoint, a strong American presence is an unwelcome restraint on South Africa's internal and external policy options.

Conservatives resent what they regard as American meddling in South Africa's internal affairs, including our financial and moral support to antiapartheid groups and our persistence in seeking ways to dismantle racial barriers and promote dialog.

They also resent American films and television programs, our music, journalism, and popular culture because of their supposedly subversive influence on the younger generation of Afrikaners.

South Africa's U.N. representative was speaking to this constituency when, in responding a few months ago to harsh criticism of South Africa in the General Assembly, he invited the international community to do its damnedest to Pretoria. He could have as well added "and close the door behind you." Neither hardliners in the national party nor the growing conservative opposition nor the more militant organizations even further to the right will mourn the absence of Americans from South Africa.

Claims that the overwhelming majority of South African blacks support sanctions cannot be substantiated. Certainly, respected black leaders of community, labor, church, and student organizations as well as the ANC and PNC in exile continue to call publicly for further punitive measures against Pretoria.

Some, like Archbishop Desmond Tutu, believe that sanctions are the only alternative to uncontrollable violence. Leaders of the Front Line States have also in past years, at least, been outspoken in calling for United States and Western sanctions against South Africa.

Yet, there are signs that over the past 2 years a serious rethinking of the sanction strategy has taken place. Some mass organizations such as conservative black churches and Chief Buthelezi's Inkatha movement which claims to represent more than 6 million Zulus have always been opposed to international sanctions.

Other organizations such as the National African Federated Chamber of Commerce, which represents most major black business interests, officially subscribe to sanctions while leaving individual members ample room to express doubts.

Even within the staunchly prosanctions COSATU, debate simmers over the wisdom of promoting international embargoes.

While it would be wrong to infer that black opposition leaders are simply out of touch with their rank and file, debate over the effectiveness of sanction is unquestionably livelier now than ever before.

This new mood is captured in Soweto playwright Gibson Kente's popular drama "Sokunjalo," which depicts comrades destroying a township by intimidating, burning, and boycotting. It ends with a declaration of hatred for Afrikaner rule and a dance routine in which the actor is asking: "Who is going to plant that cane? Who is going to drive that train? Who is going to fly that plane."

Kente's actors recount the events of the 1850's when the Xhosa nation killed its cattle and burned its grain in the faith that the dead would rise and the Russians would come to drive the British into the sea. The actors compare those times with the current calls for sanctions, and bemoan the self-destructive tradition of black South African resistance to white rule.

The Marxist intellectual and leader of the black consciousness-based National Forum, Neville Alexander, hardly an apologist for apartheid, makes the same argument from a different perspective. He wrote recently that, "I believe that the insistence on total sanctions is senseless, as senseless as an unqualified academic boycott and unlimited school boycotts which amount to suicide if you do not have real power and if the government is not yet so weak that such pressure can bring it to its knees."

Across South Africa's borders, reassessment of the effects of sanctions and possible South African countersanctions on the economies of the Front Line States are also underway. As a result, Front Line leaders have modified their rhetoric, moved serious discussions of sanctions to the margin of international meetings, and abandoned plans to apply sanctions of their own. Trade between South Africa and most neighboring states has actually increased over the past year.

These observations are not meant to suggest that black South Africans have come to terms with white domination or that South Africa's black-ruled neighbors have accepted the status of satellites to the region's economic superpower. What has occurred, I believe, is that sanctions have been reevaluated, and strong misgivings have developed about both their high costs and their effectiveness.

I alluded earlier, Mr. Chairman, to the combination of outrage and impatience which many Americans react to the situation in South Africa; but neither we nor South Africa can afford United States policies motivated primarily by passion.

There exists a broad American consensus on what is wrong in South Africa and on the steps South Africa and its citizens must take to correct these wrongs. This consensus could provide the basis for a realistic, workable, and nonpartisan approach to the South African crisis.

Any sound American policy toward South Africa must take into account at least two fundamental constraints. First, we must accept that South Africa's crisis is an enduring one. There are no quick solutions. Resorting to dramatic remedies such as the misuse of American power to destabilize the South African economy only increases chances of catastrophic outcome for all South Africans.

Second, we must also accept that our leverage is limited. South Africans survive, even thrive, without trade or contact with Americans.

Our mission should be one of using all available needs to maximize our influence and our leverage. This cannot be achieved through a policy of economic and diplomatic dissociation from the problem.

So, operating from these premises, the administration has constructed an approach which emphasizes both the protection of enduring United States interests in South Africa and the promotion of rapid fundamental change in that society. This approach has several key elements.

The administration has undertaken strenuous efforts to keep open all our lines of communication, to expand contacts across the racial and political spectrum, and to open up opportunities for the kinds of negotiations which are South Africa's only alternative to a slow dissent into civil war.

Over the past 8 years, all groups in South Africa, including the full range of opposition movement leaders, have had access to the highest levels of our Government. We continue to make it clear to the South African Government that we believe it has a special responsibility to create the necessary conditions in which negotiations with credible opponents can take place.

Expanding our assistance to apartheid victims is a top priority. South Africa's struggling black communities need our financial support, our technical and professional training and our help in developing organizational and leadership skills. These are the building blocks from which the disadvantaged majority will construct a more just and more democratic future for South Africa.

To the extent that numbers of blacks already possess the knowledge and the skills and, hence, the economic power that a modern industrial state requires, they have greatly strengthened their bargaining position vis-a-vis South Africa's governing elite.

We must work to develop further this leverage and to help turn it to political advantage. This is the central thrust of our official aid program to South Africa. Obviously, sanctions induce unemployment. A turn by South Africa toward autarky and tighter state control of the economy and a reduced American presence in South Africa would all work against this effort.

In dealing with South Africa we must continue to put a strong emphasis on the regional context. Turmoil in South Africa continues to spread outward in shock waves which threaten the economic and political stability of neighboring states. Our regional diplomacy is committed to reducing these states' economic vulnerabilities and to easing misunderstandings and tensions in their dealings with South Africa.

In this regard negotiations currently underway to secure Namibian independence and the withdrawal of all foreign troops from both Namibia and Angola assume special importance. A negotiated solution would be a single achievement for American diplomacy and would win widespread approval throughout Africa.

Progress has been made which even sympathetic observers would have said a short time ago was impossible. We have laid down the conceptual basis for a settlement and brought all parties to the realization that Namibian independence, the removal of foreign armies from Angola, and the resolution of Angola's internal conflict are interrelated problems. None of these problems can be solved in isolation from the others.

Our mediation continues, and it is important that Congress not undercut this effort by ordering drastic changes in our bilateral relationship with one of the negotiating parties. While it may be in South Africa's best interests to achieve a negotiated settlement in Angola and Namibia, Pretoria could well decide that a harsh diplomatic rejoinder to expressions of U.S. hostility is a higher immediate priority.

As a final note, Mr. Chairman, I would like to point out that in a few months time a new United States administration will enter office and will no doubt undertake a review of United States policy toward South Africa and the region. It would be wrong for Congress to commit the United States in the final days of this administration to the extreme measures contemplated in S. 2378. To do so will deny the new administration the option of continuity in U.S. policy while at the same time seriously restricting its choices before it has even entered office.

The South African dilemma will be with us for some time to come. The only reasonable course Americans can adopt is one which ensures that we retain as many diplomatic tools and channels of influence as possible in the search for ways to remain relevant and involved in finding a solution. Regrettably, S. 2378 takes us in precisely the opposite direction.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Whitehead appears in the appendix.]

The **CHAIRMAN**. Thank you very much, Mr. Secretary.

I think we will go on the 10-minute rule. I would ask our sergeant-at-arms to set the clock for 10 minutes, and I will give 5 of my 10 minutes to Senator Pressler, who I know has to go.

Senator **PRESSLER**. Thank you very much, Mr. Chairman.

First of all, let me congratulate you on that statement. I think it is the finest statement I have heard on Southern Africa before this committee. I think you must have worked very hard on it, and I congratulate you. I agree with it, and I will be using your statement in speeches and so forth.

Mr. **WHITEHEAD**. Thank you, Senator.

Senator **PRESSLER**. Let me ask just one question about Namibia. Now, as I understand it Namibia did meet the four requirements but it is still under the sanctions bill. It has put into effect the four objectives that President Reagan has stated are necessary for peace in South Africa and Namibia.

Now, where are we going in regard to that?

Mr. **WHITEHEAD**. It is Acting Secretary Freeman's turn to answer a few questions while I rest my voice. I will let him take that one, Senator, if I may.

Mr. **FREEMAN**. The Comprehensive Anti-Apartheid Act, as you know, did incorporate Namibia into the South African sanctions program. That was strongly resisted by the administration.

The reason that Assistant Secretary Crocker is unable to be with us today is that he is en route to Cairo to chair a meeting between the Foreign and Defense Ministers of South Africa and their delegation with comparable officials from Angola and Cuba, the subject of which is an effort to obtain an agreement from South Africa to implement U.N. Security Council Resolution 435, which would produce independence for Namibia as the Cubans engage in a total withdrawal of their forces from Angola.

These negotiations, as the Secretary mentioned, have yielded considerably greater results than even those who were most sympathetic and optimistic about them had expected.

Essentially, there is agreement on the framework of a settlement along the lines I described, and the issue now is to arrange for a suitable withdrawal schedule for the Cubans with a verification of that withdrawal.

Senator **Pressler**. Mr. Chairman, I ask unanimous consent that the hearing record include a statement by the Honorable F. J. Kozonquizi, Minister of Justice and Information of the Namibian Transitional Government. Minister Kozonquizi's statement describes the inappropriateness of including Namibia under the economic sanctions intended for South Africa. I believe we should have the Namibian government's statement in mind as we proceed with the consideration of tougher sanctions legislation.

[The information referred to appears in the appendix.]

Senator **Pressler**. Let me ask Secretary Whitehead. What has happened is that our corporations which were there and following the Sullivan principles and following the principles of hiring on a racially equal basis have now been forced to leave, so that positive example has been removed.

I have read with some interest a Washington Post article in which the black bishop of Washington, DC, seemed to conclude that the sanctions were a mistake in terms of achieving our objectives of ending apartheid, and I certainly want to end apartheid.

I have also noted that both Buthelezi, the chief who, in terms of an elected black, is perhaps, in my judgment one of the most legitimate leaders there, strongly opposes the sanctions bill as a means of ending apartheid.

But insofar as U.S. corporations are concerned, is not their absence there a generally negative thing? They were following very positive practices. I think in your statement you covered this, but it seems to me it is better to have them there showing an example, showing it can be done.

Indeed, we have thrown out the best part of employment practices in South Africa by throwing those corporations out. Is that not correct?

Mr. **Whitehead**. Yes, that is exactly correct, Senator. The presence of American corporations in South Africa has been a force for the good. Those that complied with the Sullivan principles, and almost all U.S. companies did so, have given job opportunities to blacks that they would never have had were it not for the presence of those American corporations. They have employed them in larger quantities, and they have employed them at higher wages than other jobs in the areas that were available to blacks.

This has been a positive force, and as many of those companies have been forced to depart over the last 2 years, American influence has declined; blacks have lost their jobs; their upward mobility opportunities that existed in United States companies have disappeared, and I believe those that we want to support in South Africa have suffered as a result.

This bill would require all the remaining companies to leave and require the companies to sell off their assets to Afrikaners, who would operate those companies in not the same way as the Americans have operated them.

Senator **Pressler**. I appreciate the earlier comments of the Senator from North Carolina on his findings on the South African situation.

I would note for the record that my own visit to South Africa serveral years ago produced a similar finding—that a significant number of blacks desire a post-apartheid South Africa with both democracy and a vibrant free enterprise economy.

The great majority of blacks favor economic advancement as a lever for gaining political rights. While more radical elements may have a following in the United States, the more moderate elements are the ones I have found to predominate in South Africa.

Mr. Chairman, I ask that an article from The Conservative Digest by Senator Helms on his trip to South Africa be included in the record.

[The information referred to appears in the appendix.]

Senator **Pressler**. Let me congratulate you again on that statement. In terms of a policy statement on foreign policy, that is one of the finest I have heard. I hope it is read by other Senators and journalists and policymakers, and I hope that you get it distributed as widely as you can because it is one of the finest that I have heard here.

Thank you.

Mr. **Whitehead**. Thank you, Senator. The speech has no copyright, and we would welcome your using it widely.

Senator **Simon** [presiding]. Mr. Whitehead, jut to give you a little more balance here, I was less impressed by your testimony. [Laughter.]

The sanctions bill that was passed among other things says that we prohibited the importation of "iron or steel extracted in South Africa. The regulations permit iron alloys to come into the United States."

Now, I do not think you need to be a legal seer to understand that clearly violates the intent of the law.

Is the stand of the administration that we are going to stretch the law in every way possible to avoid doing what the spirit and the letter of the law require, or is it the position of the administration that we are going to try to live within the spirit of the law?

Mr. **Freeman**. Senator, I believe you are referring to ferrochrome. Under longstanding Customs interpretation, ferrochrome is not included in the iron and steel group, nor is it included in the international agreed tariff list in that category.

Congress passed a law that referred to iron and steel, and it is presumed, absent some alternative legislative history, that what it is referring to is what other laws, including the tariff schedule of the United States, refer to.

I believe that in the House, the Treasury, which has the principal responsibility for enforcing these provisions of the law, has testified extensively, and I would characterize the enforcement of law as strict, strictly by the law and by the standard interpretations of the law.

Senator **Pressler**. If my colleague would yield on that point, I am not disagreeing at all, but as I recall, during the debate on the Senate floor on this bill there was an effort by some of those opponents of the sanctions to include all the strategic materials, but that was voted down. So, maybe the problem is here in the Congress.

I am not arguing here, but I think there was an amendment offered to include all these things that sort of illustrate the point that the bill had a lot of hypocrisy in it in the sense that we were still taking in certain types of strategic materials. That was voted down on the Senate floor. There was a rollcall vote on that, as I recall.

So, it may not be the administration. I do not defend the administration all the time. It may be in our own house that——

Senator SIMON. If you were talking about strategic materials across the board, that is one thing. When you are talking about iron and steel and iron alloys, and I think we are talking about ferrochrome and even ferromanganese, I think it is fairly clear that we intended that they be included.

I think the answer I am getting from Mr. Freeman is we are going to stretch the law in every way possible to avoid the imposition of the sanctions.

In your statement, Mr. Whitehead, you talk about trying to protect the neighboring states by not imposing sanctions. Yet, the leaders of the Front Line States, despite the problems, economic problems they know it will cause them, they urge us to impose stronger sanctions.

How do you balance that?

Mr. WHITEHEAD. We get a mixed reading, Senator, from the leaders of the Front Line States. We find that 2 years ago that message was very strong urging us to pass sanctions.

We find it now much less strong, much less universal, often a subject that they now do not even mention at all. I believe they have seen the suffering that has come to their people from the sanctions that we have already imposed and that they are gradually changing their minds about sanctions.

Senator SIMON. I had a direct communication from the leader of one of the Front Line States within the last 3 weeks indicating precisely the opposite. My staff has just handed me the October 1987 Vancouver Declaration from the British Commonwealth nations which includes some of the Front Line States which urges strengthening of sanctions. But obviously we are getting to some extent two different messages.

You say in your statement, "We continue to make it clear to the South African Government that we believe it has a special responsibility to create the necessary conditions in which negotiations with credible opponents can take place."

I am old enough and, if you will forgive me, you are old enough to remember——

Mr. WHITEHEAD. Even older.

Senator SIMON [continuing]. The civil rights struggle back some years ago when much of the language of those defending desegregation was not too dissimilar from the statement we just heard wherein they say, "Oh, you are going to hurt the blacks if you eliminate desegregation." They pointed out the black leaders in the South who said, "Oh, do not eliminate desegregation."

But what took place was a combination of the religious community saying change has to occur and some pressures on the business community. I can remember like it was yesterday when the Birmingham Chamber of Commerce adopted a resolution saying "Let us do away with segregation." It was like a church bell ringing at midnight. It said we are going to have change.

Now in South Africa the religious community is overwhelmingly supportive of change. The business community is somewhat divided but still the majority resisting change.

I think to make these words meaningful we need to have more than just pious sermons. We are going to have to have some economic muscle with it.

Mr. **WHITEHEAD**. I wish I could convince you otherwise, Senator, because I think you are wrong.

The Congress passed 2 years ago a sanctions bill, and I ask you if as you look back on the effect of that bill and what it has accomplished whether you can find anything positive that the passage of that bill has created in South Africa? Has it created any kind of change of the kind that you hoped it would, and has not all the effect of that bill been negative on the blacks of South Africa by lowering their standard of living, decreasing their opportunity for growth and development?

Senator **SIMON**. I am going to have to recess because we have a vote on. My colleagues will be back from their voting early.

But let me tell you one thing it did in addition to other things. It gave the signal of hope to blacks in South Africa that really was heard, and it changed our image in all of black South Africa from a country that was playing footsie and dragging its feet on apartheid to a country that was shifting to leading its way.

I hate to say it. We are going to have to have a 5-minute recess until my colleagues get back.

[A brief recess was taken.]

The **CHAIRMAN** [presiding]. The committee will come to order.

I apologize to the witnesses and to the visitors who are with us, but we had two rollcall votes back to back which account for the delay.

I would now recognize the Senator from Massachusetts, Senator Kerry.

Senator **KERRY**. Thank you very much, Mr. Chairman.

Mr. Secretary, welcome. I read your statement with considerable interest. I think it is a thoughtful statement of your position, and while I do not agree with all of it I do find that there are, at least from my perspective, a lot of well-stated arguments with respect to some very tough issues that I think we face.

I must say that while I want to move forward with some positive steps in the region, I am not yet convinced precisely what they are. I have not yet signed on as a cosponsor of the current legislation, and I am sort of looking to see what may make sense both in terms of the timing here and the fact that there will shortly be a new administration of one ilk or another.

There are questions about where we stand in the international community with respect to our ability to make good on whatever it is that we try to do.

So, this Senator, at least, is searching and looking. But I am troubled by some things that I at least want to inquire about and see if we can flesh them out a little bit.

Let me ask you if as sort of a threshold decision with respect to the administration's approach to South Africa, is it your perception that at this point the South African Government has given you any indication that they have or that they may have in fact made a decision to at some time end apartheid?

Mr. **Whitehead**. I think that we cannot say that there is any indication that any such decision has been made.

Senator **Kerry**. I notice in the early pages of your testimony you say here at page 2, "Over the past 10 years the nature of apartheid has changed markedly," and then you point to some of the things that are traditionally used.

I want your testimony, obviously, to be very clear on this. You are not suggesting that somehow if they have not decided to end apartheid that the changes that they have made are in any way enough or acceptable in terms of a change in American policy; are you?

Mr. **Whitehead**. Certainly not. We have no feeling of satisfaction, no feeling that we can in any way take off the pressure against the Government of South Africa to continue to change. The changes that I referred to are not insignificant. They have indeed occurred, and I believe it is pressure of the kind that has come from the world community that has led to those changes being made.

Certainly there is very little evidence that they were made out of the goodness of the heart of the Government of South Africa, and we must continue that pressure in order to achieve further changes.

Senator **Kerry**. Now, at the bottom of that page you say we must accept that the transition to a nonracial democracy in South Africa will inevitably take longer than all of us would like.

Do you have any sense based on your current policy as to what that timeframe is that you envision?

Mr. **Whitehead**. It would be wishful thinking to think that it could come in months. It is going to take years, and it undoubtedly is going to be gradual.

But the fact that it takes a long time provides no excuse to decrease our vigor or our pressure.

Senator **Kerry**. Do you believe that we have years available to us to wait?

Mr. **Whitehead**. You mean without a more violent uprising, without a true chaotic situation? I do not think I can answer that. I do not know how much time we have. Time is not on our side in this situation.

Senator **Kerry**. I agree with that. I think time is not on our side, which makes the decision here that much more difficult.

But assuming that time is not on our side and harkening back to your comments here to play a constructive role there, what is the administration's precise definition of the most constructive role that we can play there right now, given the time constraints and the lack of a decision by the government to actually end apartheid?

Mr. **Whitehead**. Let me ask Secretary Freeman to take that one.

Mr. **Freeman**. I think the approach is outlined in the Secretary's statement. It consists of maintaining contact with all factions across the racial and political divisions in South Africa in an effort to affirm American values, and to stimulate them to think constructively about the future of their country.

It consists of an aid program buttressed by activities by American corporations to reinforce affirmative action to enable black South Africans to empower themselves intellectually and with skills and with economic wealth so as to strengthen their bargaining power against the apartheid state.

It consists of a retention of sufficient American influence with the government to enable us to pursue the regional objectives the Secretary outlined, which include trying to insulate the Front Line States from the death throes of apartheid inside South Africa.

This is perhaps a modest role but, unfortunately in this situation our leverage is modest and becoming more modest as times goes on.

Senator KERRY. Did I hear you say maintain contact, have an aid program, strengthen and reinforce the affirmative action ability, strengthening bargaining power, and then your final, insulating the Front Line States?

What is the bargaining power? If a government has decided not to end apartheid and you are not moving constructively toward the sharing of power and the press has been barred and certain political organizations and entities outlawed, what is the bargaining power?

Mr. FREEMAN. The bargaining power comes from a number of factors: From the growth of black trade unions which were legalized in 1978, and which now constitute the most powerful trade union movement on the continent of Africa.

But bargaining power grows also by virtue of the requirements of a growing South African economy. By the year 2000, South Africa's population will be over 80 percent black—60 percent of professional positions in that economy will have to be filled by nonwhites. Today, fewer than 10,000 black South Africans hold college degrees, whereas 250,000 whites do.

Inevitably, as the economy grows and as blacks receive education and move up in the economy, their position strengthens, their bargaining power strengthens not only through the labor unions but through black business and intellectual activity.

In other words, the direction of the economy in South Africa leads inevitably away from apartheid, which is a tremendous brake on economic growth as the business community in South Africa has long recognized, and which it has therefore opposed.

Senator KERRY. I see the yellow light is on, and I would want to follow up on a number of aspects of that. But before my time runs out, let me turn to one other area.

There is a section of your prepared comments where you talk about the economic costs to the United States. I must say that I sort of found an inappropriateness in that. I mean, first of all, they are negligible; but second, does it really matter in this kind of situation if we pay some costs when you measure them against the cost, if you decided that that is the route you are going to go?

What happens is that you have made a decision that is not the route you want to go, and you want to use it as an argument, but I think that either way there is an inappropriateness in our measuring some economic costs here if, in fact, it has an impact. If it does not have an impact, you will wind up in effect using it as an argument that is not particularly perhaps a good fit here.

Mr. **Whitehead**. I must admit, Senator, that I, too, was a little uncomfortable in those two paragraphs of my testimony and was not sure myself that that was a strong argument. I left it in, though, because I know that some people do feel that that is a strong argument.

When plants suffer and jobs are lost in the United States, it is always a problem for those people who are affected. It is a fact that these sanctions would lose some jobs somewhere in the country, and people should know that that would be one of the effects of this law.

But I understand your comment when you say that there is something a little bit offbase when we are talking about matters of high principle. To bring an economic argument into a matter of morals and ethics and principles is what this issue is all about.

Senator **Kerry**. My time is up, but it seems to me that if we made a decision that somehow the sanctions were going to have an effect and that they were the next step to take and once you have made that decision, given the repugnancy of what is happening there, that the United States has the economic power and the confidence and ability to really be able to provide immediate alternatives and create programs that would deal with any kind of displacement in this country, I think we have an obligation to do so.

So, I was just disturbed by that. I do not think it belongs there. I do not think it should be part of the argument. We might want to well talk about the effect there and what we do, but I think all this argument has to be totally conditioned by what makes the best policy in terms of achieving our goals of ending apartheid and putting the United States in the right place in that process. That is just my reaction.

Mr. Chairman, my time is up. I would like to wait and maybe come back.

The **Chairman**. Thank you very much indeed.

Senator Simon.

Senator **Simon**. Thank you, Mr. Chairman. When I left we were discussing the impact of sanctions, and I mentioned the positive impact on our image in Africa.

It is hard to know what you can attribute the Afrikaner splits in South Africa to, the visit to the ANC, the Dakar meeting. But I think it is very possible that sanctions had a place, a role in that.

I also believe that for sanctions to be effective—and there is no indication that they are going to be effective overnight. I think our experience in Rhodesia, now Zimbabwe, indicates, No. 1, they are not going to be effective overnight. No. 2, to be really effective they have to be multilateral. I would hope we could move in that direction.

Historical analogies are always somewhat dangerous, but I would also suggest the last time the world had a regime that was just openly racist was in Hitler's Germany. There, basically we had a policy. We did not call it this, but it was a policy of constructive engagement. We would say in little pious sermons what you are doing is wrong. I am not at all sure that massive bloodshed could have been prevented if we had been much tougher economically on Germany at that point.

But getting back to the multilateral approach, I am disturbed when we override the President's veto and we make clear we want to have sanctions and then at the U.N. there is a resolution suggesting similar sanctions around the world that the United States vetoes that.

How do you justify it? I guess that is the No. 1 question.

No. 2, what are we doing to get other nations to put pressure on South Africa for a change?

Mr. **WHITEHEAD**. May I make a couple of comments before answering your direct question?

You made a point about the image of the sanction legislation 2 years ago, and I think you indicated your pride that the United States took action that showed what we were for in no uncertain terms and how much we abhorred apartheid by taking that vigorous action, and that you felt that this symbol was very important. You were proud of the symbol and the image that it portrayed.

I understand that, and I understand your pride; but I would say to you that the black people of South Africa are not any longer interested in images and symbols. They are interested in jobs and votes and opportunity. If you pass legislation that gives you a warm feeling that the United States really stands for something and it has a negative effect on the people that you care deeply about, then you are certainly not doing anything constructive.

If it shuts you off from any further access with a government that is the villain in the case and whose views we are trying to affect, then it does not accomplish anything.

So, I wish that we could find a way of expressing again more vigorously than we have in the past our outrage at apartheid. We try to do that. We have tried steadily to do that but should not take action that is going to make the problem worse for the victims and cut off our access to the government.

I know that Mr. Freeman would like to add to that.

Senator **SIMON**. My colleague, Senator Kerry, wants to——

Senator **KERRY**. Would you yield for just a moment?

If you are looking for those opportunities in those examples, why did we wind up vetoing the Security Council resolution with respect to that? Was that not one of those opportunities? Does that not go absolutely contrary to the legally mandated requirement of the Anti-Apartheid Act?

Mr. **WHITEHEAD**. We do not feel that sanctions are the course to take, and so when——

Senator **KERRY**. But they were already in effect. I mean, that was the law. You were supposed to carry out the law, and all the U.N. did is in effect back up in multilateral fashion what the Congress put in place.

Mr. **WHITEHEAD**. Yes, but we had an opportunity in the administration to again express our negative views toward sanctions at the same time as we were administratively carrying them out under the law.

Senator **KERRY**. But in terms of my colleague's question about multilateral effort and effect, you in effect used a different forum which we could not veto to override the veto we did override.

Mr. **Whitehead**. Yes, but the U.N. resolution was not anything that prevented multilateral sanctions. Multilateral sanctions will never be achieved because no other country wants to achieve them. No other country wants to impose sanctions.

Senator **Simon**. If I may reclaim my time here, it is very interesting. I had a visit from a group of West European parliamentarians who said we really want to see that our governments impose sanctions on South Africa; we think it can happen if the United States is willing to lead the way, but with your administration dragging its feet and opposing sanctions, we are having a tough time getting our governments to move.

I think when you say that no other government wants to have multilateral sanctions, I think if the United States led the way, we would find one by one the countries of Western Europe and, I hope, eventually Japan, too, but certainly in Western Europe joining in sanctions, and it would become increasingly meaningful.

Mr. **Whitehead**. But Senator, we did lead the way. We passed a bill that imposed sanctions, and not one of those countries that you speak of joined us. They continue to trade with South Africa just as they always have.

Senator **Simon**. When you said we did lead the way, the "we' is up here, not down there [indicating]. [Laughter.]

The message was very, very clear from this administration that you did not believe in sanctions.

Mr. **Whitehead**. We have made no bones about that, and we continue to not believe in sanctions because we do not believe they work. We believe now that the 2 years the experiment has been in effect we see no favorable results from the sanctions. We think there has been a test period now that proves that they do not work. We feel we have a stronger case now than we did 2 years ago.

Senator **Simon**. Let me just add I face this dilemma, and then I would be interested in answers to those specific questions.

Do I take the word of what is best and what is wanted for the blacks of South Africa from people like Bishop Tutu, or do I take it from Mr. Whitehead and Mr. Freeman? Faced with that choice, I think I would listen to people like Bishop Tutu, listen to people like Archibishop Hurley, listen to people in South Africa who I think are pleading to us to stand up for justice in South Africa.

Mr. **Freeman**. Senator, we have in fact engaged in very extensive and frequent discussions with our allies on a whole range of issues confronting us in South Africa, and I think it is fair to say that the major allies of the United States have done their own analyses of the sanctions issue and have decided firmly against following the course advocated in the bill that we are discussing.

Now, this is a decision that they have reached in the absence of any pressure from the United States, that is true; but the absence of pressure has worked both ways. That is, we have not tried to persuade them of our own view on sanctions, nor have we tried to persuade them of the Congress' view on sanctions.

I think this point, however, obscures the fact that there are several major areas of agreement between us, and these found expression at the economic summit in Toronto in the chairman's statement, among other places.

There is broad agreement among our allies and us that we must all work on expanding our contacts with the black community in South Africa and with the opposition movements both inside and outside that country.

We all see clearly the necessity for continuing our positive measures inside South Africa which on the United States end includes our aid program providing funds for education, legal assistance, and community health projects to black South Africa.

We also find agreement on the approach taken by our foreign commercial service in South Africa which works actively with black businessmen and entrepreneurs to help them take their rightful place in that country's economic life.

Finally, we are all in agreement on the imperative of economic aid for South Africa's neighbors through the Southern African Development Coordination Conference, or SADCC. These programs, we think, have become particularly important given the threat of countersanctions by South Africa and the growing regional instabilities.

I might add that one of the great ironies of this bill is that it would force massive U.S. disinvestment in the Front Line States and, in effect, bar any new investment there. That is simply because of the economic fact of life that companies invest in Zimbabwe, for example, with a $6 billion GNP because they can export over the border to the $100 billion GNP economy in South Africa.

What makes investment by American companies attractive in countries like Botswana, Swaziland, Lesotho, Zimbabwe, Mozambique, Zambia, and the others is precisely the fact that by investing in those countries you gain access to a much larger regional market, the major component of which is South Africa.

So, one unintended result of the bill would be to remove American corporate influence in the Front Line States as well as in South Africa itself.

Senator SIMON. Thank you, Mr. Chairman. My time is up.

The CHAIRMAN. Do you have any more questions?

Senator SIMON. Go ahead.

The CHAIRMAN. I think it was a mistake. You mentioned a $6 billion economy in Zaire and $100 million in South Africa. I think you meant vice versa.

Mr. FREEMAN. No. The South African economy is approximately $100 million. Zimbabwe's is about $6 billion.

The CHAIRMAN. $6 billion?

Mr. FREEMAN. Yes. $100 billion.

The CHAIRMAN. $100 billion. I am sorry. A billion here or there can confuse one.

I was curious as to what alternatives you see, besides sanctions, which we have already imposed, and pious statements. Is there any other action that you can think of, not military intervention but anything short of that?

Mr. FREEMAN. I think that we with our allies have concluded that the most effective thing we can do to help black South Africans achieve an end to apartheid and its replacement by a democratic system is to remain involved on the ground in South Africa both through government aid programs and through private sector programs.

The private sector programs are terribly important. They dwarf the size of the U.S. Government aid program. In the last several years, our companies have spent well over $200 million on affirmative action, community development, scholarships, and other programs. They have funded over 12,000 scholarships.

By contrast, the U.S. Government aid program this year funds some 350 scholarships inside South Africa and only another 120 outside.

So, what we are convinced is the right course is to remain engaged to try to make a difference in South Africa.

The CHAIRMAN. Now, these students who come over to America and are educated here, do they go back to South Africa as a rule, and what is their fate when they go back to South Africa?

Mr. FREEMAN. Yes, they do. As I mentioned earlier, there is a terrible shortage in South Africa of qualified people to fill professional positions.

In the past, many of the professional level positions in American companies, that is American companies in South Africa, have been staffed by graduates of American universities.

However, I think in general it is better for us to fund scholarships within South Africa because obviously the training is more immediately relevant, and also this helps to integrate South African universities.

The CHAIRMAN. What is the number of students who have participated in exchange programs with the Eastern bloc?

Mr. FREEMAN. There are no official exchange programs between South Africa and any member of the Eastern bloc; however, the ANC, which is a coalition including the South African Communist Party, does receive substantial scholarship assistance from countries like East Germany and the Soviet Union and others in the East bloc.

The CHAIRMAN. Roughly how many people would you say, black South Africans, go to Eastern Europe for their education?

Mr. FREEMAN. I would have to supply that answer for the record, but my impression is the number is quite a bit larger than that funded by our aid program.

The CHAIRMAN. In an October 1987 report, the President stated that what we need now is "a period of active and creative diplomacy."

What is the essence of what that constitutes in your view?

Mr. FREEMAN. I think that since the publication of that report, we have concentrated on several different tasks. One of them was mentioned earlier, and that is the effort to obtain the freedom of Namibia from South African occupation in the context of the removal of Cuban expeditionary forces from Angola.

Within South Africa itself, we have had to recognize that our immediate influence is greatly diminished from what it was. We can no longer persuade the South Africa Government to issue passports to people who wish to travel abroad. We are unable in most cases to facilitate their release from prison. Our representations against forced removals of block populations have fallen on deaf ears, and a number of individual human tragedies have resulted, I think, as a result of the loss of influence.

However, during this period we have maintained an active dialog with all elements of the South African political spectrum and with the exile movements to which I referred, the ANC and the PAC.

Most importantly, at the very moment the President's report was issued, the Secretary of State issued by far the most eloquent and comprehensive description of American hopes for a future democratic South Africa that we have ever articulated. That statement has been the basis of a lot of discussions within South Africa and in the exile movements, and it fairly represents what the United States stands for.

The CHAIRMAN. In connection with the sanctions law which is on the books now, what efforts have you made to engage in a coordinated Western approach?

Mr. FREEMAN. I referred earlier to the extensive consultations we have had with regard to——

The CHAIRMAN. Those were in general terms, and I just want you to be specific.

Mr. FREEMAN. We have discussed this with members of the EC, with the Japanese and with the Nordic countries.

The CHAIRMAN. Are you free to say which members of the EC?

Mr. FREEMAN. The principal members of the EC, meaning the principal trading partners of South Africa, the U.K., Federal Republic of Germany, France, Italy, Spain, Portugal, virtually all of the members of the EC plus Switzerland and the Nordic countries, including Sweden, and Japan.

These discussions have focused on concrete issues such as how to deal with the tightening press censorship in South Africa. In that connection, we have set in motion a process which we hope will lead to expanded broadcasting by ourselves and allied radio stations to the South African public in an effort to offset the effects of censorship in that country, which increasingly resembles an Eastern European country in terms of its news environment.

The CHAIRMAN. Thank you very much.

Senator Simon.

Senator SIMON. Just a comment.

First, while we have talked about areas where we differ, I completely agree on assistance to the Front Line States and scholarship programs.

I would also ask, Mr. Chairman, that the executive summary of the Lawyers Committee for Civil Rights implementation of the Anti-Apartheid Act be inserted in the record.

I do not know if you have seen the document yet by the Lawyers Committee for Civil Rights on the implementation of the act. I think it would be well worth your taking the time to read.

The CHAIRMAN. Without objection, it will be inserted into the record.

[The information referred to appears in the appendix.]

The **Chairman**. In addition, the record will be kept open for 3 days in case any further questions are to be offered by any of the members.

Mr. **Whitehead**. Mr. Chairman, may I make a comment or two in response to a question that Senator Simon asked which I have had further thought on?

Just before the short recess, you spoke, Senator, of the comparison between the civil rights movement in the United States which ended up with great success and the situation now in South Africa. I have been musing about the comparison, and I have reached this conclusion.

We were successful in our civil rights movement in the United States in which you and I both participated quite actively. We were successful because we stayed involved. We did not quit. We kept up the pressure month after month, year after year even though there were an awful lot of obstacles to overcome. Everybody, all Americans who were involved in that, can be proud in looking back on that moment.

As we think of the situation in South Africa, I think of the proposed sanctions legislation as being disinvolvement, disengagement, not keeping up the pressure, withdrawing, washing our hands of the problem, quitting, giving up, and those are not things that Americans stand for.

If we really believe in freedom for the blacks in South Africa, we have to stay involved; we have to keep pushing. Sanctions is a step in the wrong direction.

Senator **Simon**. If I could take 1 minute to respond here.

It is interesting that Rev. Leon Sullivan, who promulgated the Sullivan principles, has reached the conclusion that our presence there really is a negative factor rather than a positive factor even for the businesses that implement the Sullivan principles.

Analogies always have their flaws, but what it was was the indigenous black community standing up and, to a great extent, people from the outside, from Illinois and New York and other places coming down and encouraging and standing up on the outside.

I think that is kind of where we are today, with the indigenous black population saying overwhelmingly in South Africa we want justice, and what they need are some people on the outside who say in a meaningful way we also want justice for you.

The **Chairman**. I appreciate that exchange.

I have one final question that has bothered me a good deal. That is, let us say we do nothing. Life just moves along. Do you see a bloodbath and in what period of time?

Mr. **Freeman**. The question of violence in South Africa is a particularly difficult one to deal with. The conclusion that I have reached in many sleepless nights of worrying about that issue is the same that I believe most other knowledgeable observers of the scene have reached.

I do not approach the issue of violence myself as a moral question. After all, our ancestors overthrew the colonial regime in this country by violence, and it ill behooves us to argue on moral grounds against the use of violence for political purposes.

I do approach it as a practical question. The power of the apartheid state in South Africa is awesome. During the entire period of unrest from 1984 to 1986, at no time did the South Africa Government have to mobilize any of its reserves, despite the extension of the military into patrolling the black townships in an effort which has frankly been successful in quelling most of the overt unrest, even though it certainly has not appeased or satisfied the blacks.

The 70,000 man standing army in South Africa can be augmented by 110,000 reserves in 1 day and 6 days later by an additional 300,000 for a total of 480,000 troops. This is a tribal army that would be fighting on behalf of white South Africa.

Revolutions generally are successful only when the armed services are split and themselves join the struggle. In the context of racial struggle and polarization between white and black South Africa, I fear that the result of a push for a violent solution by black South Africa would be much the same as in the South African past.

This is the 150th anniversary of Blood River, where three white Afrikaners were wounded while killing over 3,000 Zulus. In the beginning of this century, the second rebellion of Zulus took place. An even larger number of Zulus were killed while some 20 whites perished.

The power equation in South Africa, if it leads to a bloodbath, I fear will result primarily in black blood, not white blood, flowing. I think it is important that the United States do everything possible to keep open possibilities of peaceful evolution in South Africa and to avoid provoking the sort of catastrophe which your question assumes.

The CHAIRMAN. Thank you very much, indeed. I must say I share your view that if there is a bloodbath it could well be a black bloodbath and not a white bloodbath. I would pray that neither occurs.

On this somewhat pessimistic note, we will conclude. We will have a hearing tomorrow and the next day.

What we are trying to do with this series of hearings is to clear our own thinking a little bit. The panels have been reasonably well balanced with proponents and opponents, and I think some of us in the committee, at least speaking for myself, do not have a firm view. We want to do what is right to get rid of apartheid, and we are groping a little bit.

I think the politically easy vote on this is obviously to vote the strong sanctions bill, certainly in my part of the country. The question is whether that is the correct vote to achieve our objectives. I think these hearings should clarify our thinking in that regard.

The committee is recessed until 9:30 a.m. tomorrow.

[Whereupon, at 12:45 p.m. the hearing recessed, to reconvene June 23, 1988, at 9:30 a.m.]

UNITED STATES POLICY OPTIONS TOWARD SOUTH AFRICA

THURSDAY, JUNE 23, 1988

U.S. Senate,
Committee on Foreign Relations,
Washington, DC.

The committee met at 9:31 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Cranston, Kerry, Simon, Helms, Murkowski, and McConnell.

The Chairman. This morning we are holding our second hearing on our policy options with regard to South Africa. Yesterday we heard from Senators Kennedy and Weicker, sponsors of the comprehensive sanctions bill, and Senators Helms and Symms who support legislation to repeal the present 1986 Anti-Apartheid Act. And we also heard from Mr. Whitehead and the administration.

This morning we will hear from public witnesses who range from academic specialists on various aspects of the South African situation to individuals who have been actively involved in the South African issue for many years. Our objective in these hearings is to try to get as balanced a presentation as possible and to clear our thinking as to what the facts are to better equip us to vote correctly from the viewpoint of American national interest.

Our first panel consists of Ms. Meg Voorhes, Assistant Director, South Africa Review Service, Investor Responsibility Research Center. Then we have Dr. Michael Radu, research associate, Foreign Policy Research Institute, Philadelphia; Dr. Stephen Davis, research analyst, Investor Responsibility Research Center; the Honorable William Coleman, former Secretary of Transportation; and Mr. Damu Smith, Executive Director of the Washington Office on Africa. I guess maybe Ms. Voorhes would start out.

Since we have so many witnesses, we are asking all the witnesses to limit themselves to 5 minutes so that there can be ample time for questions.

Ms. Voorhes.

STATEMENT OF MEG VOORHES, ASSISTANT DIRECTOR, SOUTH AFRICA REVIEW SERVICE, INVESTOR RESPONSIBILITY RESEARCH CENTER, INC.

Ms. Voorhes. Mr. Chairman, I am pleased to testify today on the issue of black South Africans' attitudes on sanctions. I speak today as the assistant director of the Investor Responsibility Research

Center's South Africa Review Service, and as the author of the report published this month by IRRC entitled "Black South Africans' Attitudes on Sanctions and Disinvestment."

The Investor Responsibility Research Center was founded in 1972 by institutional investors to provide impartial reporting and analysis on public policy issues involving U.S. corporations. From the beginning, South Africa, and the role and impact of American firms and other multinational firms with operations there, has been a major focus of our research. Our work is financed primarily by fees paid by the more than 350 institutional investors, such as universities, pensions funds, banks, and insurance companies, that use IRRC's research to assist them in developing and implementing investment guidelines related to United States investment in South Africa. IRRC does not recommend policies or actions.

Since 1980, I have made six extended research trips to South Africa, most recently in October 1987 when I conducted indepth interviews with representatives of several major black political organizations on the question of black South Africans' attitudes on sanctions as a way of bringing an end to apartheid. In my remarks today I will summarize these views. I will also examine six public opinion surveys that have been conducted since 1984 on this question.

As far as can be determined by public opinion polls, the majority of South Africans in South Africa do not advocate that United States and other foreign companies withdraw from South Africa nor do they favor other economic sanctions against South Africa as a tactic to help end apartheid if those measures will also significantly increase black unemployment. The six surveys that I cite are as follows: A June 1984 survey by Lawrence Schlemmer, a South African sociologist; an August 1985 survey by the Sunday Times of London; a September 1985 survey by Mark Orkin, a South African sociologist; a March 1986 survey conducted by the Human Sciences Research Council, a research agency affiliated with the South African Government; a survey conducted in June and July 1987 conducted by the German Africa Foundation which is based in Bonn; and finally, a second survey that was conducted by Mark Orkin, the South African sociologist.

Three of these polls, the 1984 Schlemmer survey, the 1985 Orkin survey, and the 1986 survey by the Human Sciences Research Council, corroborated that a substantial minority of urban Africans, approximately 25 percent, advocate disinvestment by foreign companies. The two most recent surveys of blacks' attitudes on the more general issues of sanctions found the hardcore minority ranging between 14 and 26 percent that favored economic sanctions in the struggle against apartheid even if they caused many blacks to lose jobs. What almost all of these polls show is that many more blacks might conceivably support sanctions if they were convinced that such actions would not increase black unemployment significantly.

Some of the ambivalence expressed in the black opinion surveys is reflected by the leaders of organizations that have large black constituencies. The policies of major union, political, and church organizations range from unconditional support for economic sanctions to support only for sanctions that will not increase black hardship, to adamant opposition to any form of sanctions.

Organizations that express unconditional support for sanctions until apartheid is ended are the two exiled liberation movements, the African National Congress and the Pan-Africanist Congress and, inside South Africa, the Azanian Peoples Organization, or AZAPO, and the National Council of Trade Unions. Another organization that appears to favor comprehensive economic sanctions is the South African Council of Churches, although its resolutions are not binding on member churches.

Archbishop Tutu of the Anglican Church also supports economic sanctions against South Africa, but only as a way to pressure Pretoria to release political prisoners, allow free political discussion, and to enter openended political negotiations with representatives of the black majority population.

The Congress of South African Trade Unions, or COSATU, which is the largest union federation in South Africa treats sanctions and disinvestment separately. At its 1987 national conference COSATU adopted a resolution calling for comprehensive economic and diplomatic sanctions against South Africa. The union federation did not specifically call for disinvestment, but only for foreign companies to negotiate with terms of their disinvestment with the representative union well before the planned disinvestment date.

The United Democratic Front, no longer an active organization under the emergency regulations, apparently never revised its 1985 policy on foreign investment. This called upon foreign businesses to make no new investment in South Africa, to end all forms of financial and material assistance to the South African Government, and for foreign countries to extend economic and sports boycotts.

The only major organization with a black constituency to oppose sanctions and disinvestment is Inkatha, the largely Zulu organization headed by Gatsha Buthelezi, the chief minister of the ZwaZulu homeland. Buthelezi and Inkatha have argued that no actions should be taken that will increase black unemployment or hardship and that black privation will not help to end apartheid.

I realize that this is a very brief summary of the views of black South Africans on sanctions. Accordingly, I would like to refer you to my longer report which I have submitted for the written record.

[The prepared statement of Ms. Voorhes appears in the appendix.]

The **Chairman**. Thank you. Your full statement will be inserted in the record.

We now come to Dr. Michael Radu, Research Associate, Foreign Policy Research Institute, Philadelphia. Dr. Radu.

STATEMENT OF DR. MICHAEL RADU, RESEARCH ASSOCIATE, FOREIGN POLICY RESEARCH INSTITUTE, PHILADELPHIA, PA

Dr. **Radu**. Thank you, Mr. Chairman. It is a great honor for me to testify today.

My field is revolutionary movements in Africa and in Latin America. Today I will concentrate on the African National Congress of South Africa because, rightly or wrongly, it is widely perceived as being the alternative to the present Government of South Africa.

I have studied the ANC both during my stays in South Africa, the most recent as a lecturer at the University of Witwatersrand in 1986, and through interviews with ANC elements in Europe, the United States, and Zimbabwe. My presentation today would be basically a brief repetition of some of the points I made in an article I published in the July-August 1987 issue of Problems of Communism.

I think that the main question to be addressed regarding the ANC I think is the nature of that organization. Unless one has a clear understanding of the nature of the ANC, one cannot see how a coherent and rational policy could be devised by the United States, since one of the alternatives to the present situation in South Africa is, indeed, the ANC in power.

I will start by saying that, if I may coin a pun, the long-debated issue regarding the number of members of the Communist Party of South Africa in ANC's ranks is red herring, a useless argument, not much different from the scholastic debates around the number of angels able to dance on the top of a pin. It is indeed irrelevant how many known members of the Communist Party are in the ANC leadership, on its National Executive Committee. What I think is far more important, and truly relevant, is that the ANC itself is a Marxist-Leninist organization. It became one perhaps as early as the late 1960's, at the time of the 1969 national conference at Morogoro in Tanzania. Today it is obvious that the ANC itself has changed its original nature from a national liberation movement in the usual meaning of that term into a vanguard party of Marxist-Leninist structure and ideology.

It is certainly clear to unbiased observers that as of 1985, when the latest national conference of the ANC took place at Kabwe in Zambia, its structure became almost identical to that of all Marxist-Leninist parties throughout the world.

To be more specific, the national conference which, beginning in 1985, it was decided will take place every 5 years, serves the role of the traditional Communist parties' congress. The National Executive Committee—NEC—with its 30 members serves exactly the same role as the Central Committee of the Communist Party, with the NEC's political-military commission being basically the equivalent of the Politburo.

None of these bodies are elected by individual members of the ANC. They are all elected from a list provided by the leadership through the Leninist method of democratic centralism. The selection is made on the basis of blocs by affiliated or ancillary ANC organizations, the most important among which are Umkhonto we Siswe, which is the armed branch of the ANC, the party school located in Angola, and various front organizations, as well as the women and youth organizations and the ANC-controlled South African Congress of Trade Unions—SACTU—the latter being largely nonexistent in South Africa in any practical way.

As far as the actual operations of the ANC as an organization are concerned, these are concentrated in the hands of the heads of departments, who serve the same role as the secretaries of a central committee of any traditional Communist party. The most important of these departments are those in charge of international relations, information, and propaganda, and internal reconstruction and development; the latter combines intelligence, counterintelligence, and party discipline functions.

In conclusion, Mr. Chairman, I think that it is quite clear that the ANC is a thoroughly undemocratic organization insofar as its own internal operations and structure are concerned, and a Marxist-Leninist one in its ideology and international connections. And that should raise serious political, as well as moral questions about the type of society the ANC would try to forge in a South Africa that it would control.

I think my time is up. Thank you, Mr. Chairman.

[The prepared statement of Dr. Radu appears in the appendix.]

The CHAIRMAN. Thank you very much for being with us, and as I said, all statements will be inserted in the record in full. Thank you.

We now come to Dr. Stephen Davis, research analyst of the Investor Responsibility Research Center. We look forward to hearing from you.

STATEMENT OF DR. STEPHEN DAVIS, RESEARCH ANALYST, INVESTOR RESPONSIBILITY RESEARCH CENTER, INC.

Dr. DAVIS. Thank you, Mr. Chairman. I have submitted a prepared statement and will summarize my remarks.

The CHAIRMAN. Thank you.

Dr. DAVIS. As you indicate, I serve as a research analyst for the Investor Responsibility Research Center, and I have worked since 1978 in the South Africa field. Last October Yale University Press published my book, "Apartheid's Rebels: Inside South Africa's Hidden War," and that book has been published this month in South Africa.

Mr. Chairman, in order for the United States to act as a positive force in South Africa, we must address two objectives. The first is pressing Pretoria to abandon the use of violence, terror, and repression and to negotiate in good faith with credible black organizations for an end to apartheid.

The second and equally important objective is to expand contacts with the antiapartheid resistance to buttress democratic elements, counter the possibility of a drift toward terrorism and enhance the prospects of a political settlement.

Any such policy, however, must start with the realistic assessment that the most important organization promoting resistance of apartheid is the African National Congress. Let me therefore briefly sketch an outline of the ANC today.

Probably the most controversial aspect of the ANC is the extent to which it is dominated by the South African Communist Party. Pretoria contends that more than two-thirds of the National Executive Committee are Communists. Other analysts have placed the figure closer to three. The State Department estimates that roughly half of the NEC are Communist Party members. But any measurement of Communist influence within the ANC leadership must take into account the fact that within South Africa, the SACP appears to hold the allegiance of only a fraction of the black community. As a result, the party is in a weak bargaining position within the NEC, which in my view remains under the control of black nationalists and moderates.

Evidence suggests, however, that as the state of emergency crackdown drags on, radical factions within the ANC camp are gaining in influence.

Some 13,000 ANC exiles dwell in the sanctuary states of Angola, Zambia, and Tanzania. Inside the republic itself, the ANC survives through its underground, which remains small relative to the ambitions of the ANC's leaders and the requirements of a full-blown rebellion. The township branches have been too few to absorb or control all the activist comrades participating in the resistance.

The compulsion to attract these youths into the movement has resulted in some guerrilla commanders pressing for permission to target white civilians, such as judges and politicians. On the other hand, ANC President Oliver Tambo this month rebuked such moves and reiterated the group's ban on terrorism.

This tug of war between militancy and restraint is likely to grow more acute as black frustration mounts and the ANC continues to lag in its ability to extend effective command and control over its members inside the country.

The ANC depends on foreign patrons for resources, facilities, and other assistance. The Reagan administration has often called attention to the ANC's longtime relationship with the Soviet Union. But Soviet leverage over the movement is limited. The ANC could survive a break with Moscow since most of the items the Soviets provide are available from alternative sources. In contrast, the ANC is heavily beholden to the three states which have granted the movement sanctuary. Party executives worry that the frontline nations under economic and military pressure from Pretoria are capable of insisting on South African settlement terms far short of what the ANC would itself demand.

Interestingly, the Soviet Union, once an unquestioning ally, appears now to represent another source of anxiety for the ANC. Moscow seems intent on finding ways to avoid an extended war that could compel the U.S.S.R. to devote resources it cannot afford into a region in which it has little interest while risking a superpower confrontation it does not want.

Pretoria has argued that its emergency actions have smothered protest and crippled the ANC, but the group's military wing actually increased the number of guerrilla operations it carried out in 1987 to an average of at least five each week despite the state of emergency.

Mr. Chairman, let me skip just to the concluding remarks.

Despite a surface appearance of black quiescence and white dominion on South Africa, an underground infrastructure of rebellion ensures that antiapartheid resistance is likely to intensify. Moreover, because black moderates are continuing to be detained and have been unable to show sufficient results for their positions, radical elements are likely to gain influence in the ANC and other organizations.

The time may be ripe for an American policy initiative aimed a expanding contacts with the antiapartheid resistance. The ANC leadership is showing new eagerness to improve relations with

Washington. Other antiapartheid groups are also interested. Without in any way endorsing any one opposition organization, the United States would seem to have an interest in bolstering elements in the union, civic, and liberation movements that favor democracy and oppose terrorism.

[The prepared statement of Dr. Davis appears in the appendix.]

The **Chairman**. Thank you very much, indeed. Your excellent testimony will be inserted in the record in full.

Now, we come to an old friend of the committee and the Government, former Secretary Coleman. We're very glad to hear from you, sir.

STATEMENT OF HON. WILLIAM T. COLEMAN, JR., FORMER SECRETARY OF TRANSPORTATION, SENIOR PARTNER, O'MELVENY & MYERS

Mr. **Coleman**. Good morning, Mr. Chairman.

I am appearing here on behalf of Mobil Oil who has owned property in what is now South Africa since 1891. Mobil has submitted testimony. I have submitted supplemental testimony. My testimony is limited to hoping to demonstrate to the committee that section 2 of the Senate Bill 2378, as submitted, would be unconstitutional. As you know, that bill would make it illegal for any company to own or operate property in South Africa 180 days after you passed the bill. I would like to make five points.

The first is that whenever the United States acts abroad, it is still bound by the U.S. Constitution. I guess we are the only two with gray hair in the room. We remember the great controversy when we first got involved in the Philippines many, many years ago. And the question was when you governed the Philippines, did you have to follow the Constitution. And the Supreme Court said you did. And Mr. Dooley in a famous quote says, "Well, all the Court is saying that the Constitution follows the flag."

The next point I would like to make is that it is clear that every time you pass a statute which may adversely affect a company, you are not necessarily involved in the taking. But the cases are awfully clear that where what you do is to pass a statute and make a company, which is operating completely legal until the day you pass the statute, and then you say 180 days from now, if they still own that property, that you could put them in jail for 5 years or fine them $250,000.

It is clear that the bill as proposed applies to all the property of Mobil in South Africa. It is clear that Mobil could not even hold the property. And it is clear that there is no way that Mobil could remove the gasoline stations, the oil refinery, and other assets it physically has there.

Thus, since this bill supplies for no compensation whatsoever, in my judgment—and I've written an opinion which is attached to my testimony—I say that that part of the statute, as written, is unconstitutional.

I also call your attention in the testimony to the fact that even though people sometimes say, "Well, Congress can pass any statute it wants." It is not its duty to determine whether it is constitutional. Well, I do think when you take a look at the Constitution, you will find that Congress does have a duty before it acts to determine whether the statute is constitutional or not.

So, I think if you don't look at this and if you pass the statute in the form suggested in the bill, that you are exposing the U.S. Government to billions of dollars. And in any event, because there are at least 150 United States companies who still operate in South Africa, you adversely affect their revenues of the United States.

I want to repeat Mobil has always followed the law. Mobil is doing nothing which violates the act of 1986. I would also say that when you passed the act of 1986 and you had all the debate as to what should be done, Mobil did everything this Congress told them to do. There is nothing in the act of 1986 which suggested directly or indirectly to Mobil that it should exit South Africa. It is still there, and I say that if you now try to do what you're doing, that you will violate the Constitution.

[The prepared statement of Mr. Coleman appears in the appendix.]

Senator SIMON [presiding]. We thank you, Mr. Secretary. It is good to have you back on the scene again here.

Mr. COLEMAN. I would like to make one other observation only because I read it in one of these many things, and that is—I don't know whether you are quoted or somebody is quoted as saying what the Lawyers Committee intends. I happen to be a member of that, so I think I can speak for it.

I hope when the staff rereads the report, I don't think that you can say the Lawyers Committee has recommended that there be a section 2 to the bill as written. All the Lawyers Committee says is that in some of the provisions already written, you have to make them a little clearer. But there is nothing in the Lawyers Committee report, as I read it, which has the thrust that would say that section 2 of the Senate bill we are talking about should be adopted.

Senator SIMON. And the final member of this panel, Mr. Damu Smith, the executive director of the Washington Office on Africa. We're very happy to have you with us, Mr. Smith.

STATEMENT OF DAMU SMITH, EXECUTIVE DIRECTOR, WASHINGTON OFFICE ON AFRICA

Mr. SMITH. Thank you very much, Mr. Chairman.

I would like to first state for the record that the Washington Office on Africa has urged our Government, since the founding of our organization in 1972, to impose comprehensive sanctions against South Africa. And today we stand in full support of S. 2378, the antiapartheid amendments of 1988.

I have been asked to testify before you today about the attitudes of black South Africans toward sanctions. I want to say that it is through our church and union sponsors and our own direct contacts in southern Africa, as well as my own visits to the region, that we feel that the vast majority of the people of South Africa support economic sanctions by the international community as a means of helping to bring about an end to apartheid. It is our view that the vast majority of South Africa's churches, temples, and antiapartheid groups are united behind the call for comprehensive mandatory sanctions against South Africa.

This was graphically demonstrated on February 29 of this year when 25 of South Africa's top religious leaders were arrested for attempting to deliver a petition to parliament in the wake of the latest Draconian restrictions imposed by the regime. They said—and I quote—"We are calling on the international community to apply pressure to force this government to the negotiating table." For decades black South Africans have called upon the international community to cut the economic ties that help strengthen the system of apartheid. And Mr. Chairman, in the testimony that I am submitting for the record, I quote many of these organizations over the years who have called for sanctions.

When the South African Government restricted COSATU's activities in February of this year, COSATU decried the international community's refusal to impose meaningful sanctions against South Africa by stating that "it is clear"—and I'm quoting now—"that the government has been encouraged to opt for the path of increased repression through the support it has received from employers and rightwing governments of Thatcher, Reagan, and Kohl." In fact, the Congress of South African Trade Unions at its 1987 congress said that"comprehensive mandatory economic sanctions are one of the few options left to those fighting apartheid. Our congress has further placed emphasis on the calls for the stopping of loans and credit to the government, business, municipalities of homeland governments, an end to South Africans emigrating abroad, a stop to South Africans investing abroad, diplomatic isolation. We have also supported the call for disinvestment of foreign companies operating in South Africa."

I will remind the panel that the Congress of South African Trade Unions is the largest trade union federation in South Africa. The National Council of Trade Unions, NACTU, with about 400,000 members is also a strong proponent of sanctions. The National Mine Workers Union of Namibia, which represents 8,500 of Namibia's 14,000 miners, endorsed sanctions in 1986.

Mr. Chairman, I would like to point out again that the antiapartheid leaders and trade union representatives that I am quoting in my testimony today do not come to their support of sanctions and disinvestment out of some misguided emotionalism or frustration with the apartheid system. These people, Mr. Chairman, live under apartheid 365 days a year. They are in a much better place than any of us in this room to analyze their own situation and to prescribe solutions to their problems. They know that the regime that oppresses them has been supported and sustained largely because of the economic link between the South Africa and the Western nations. They have watched multinational oil companies provide fuel for police vehicles and tanks in the townships. They have seen computer technology in the hands of the apartheid state machine. And recognizing these links, Mr. Chairman, they have called for comprehensive sanctions.

I have further in my testimony quoted Bishop Tutu and others and Allen Boesak who say—and in my conclusion—that "All of the major organizations in South Africa—the South African Council of Churches, the United Democratic Front, COSATU as well as Bishop Tutu and myself—have reaffirmed our stand for stronger sanctions. In particular, we are pinning our hopes on the Dellums-

Cranston bill for comprehensive sanctions hoping that it will be passed and bring about stronger pressure."

Mr. Chairman, thank you very much.

[The prepared statement of Mr. Smith appears in the appendix.]

Senator SIMON. I thank you, Mr. Smith.

And my apologies to the members of the panel if I ask questions that repeat. I also serve on the Subcommittee for the Handicapped, and I have just been meeting with the National Convention for the Blind.

Before I proceed, Senator Helms, you may have an opening statement here.

OPENING STATEMENT OF SENATOR HELMS

Senator HELMS. Well, sort of a brief one, Mr. Chairman, and thank you very much.

Before I do that, let me clear up a question that was raised here yesterday concerning the mayor of Soweto. As those who may have been following the testimony yesterday, the question was raised as to whether the mayor of Soweto is, in fact, elected. And my impression and my recollection at that time was that the mayor is indeed elected. I didn't ask him if he was elected. I just deduced that he was because he was talking about his constituency, and as I indicated, we walked down the street together, and his constituents were waving to him, even as they wave to Senator Simon when he walks down the streets of any city or community in Illinois.

But the Senator raised the question. He had some information to the contrary, of which I was not aware. So, I made a check yesterday afternoon, and my recollection is correct. The mayor was elected. And I have a little picture of the Senator from North Carolina with him, published in the newspaper. And he was elected after a hard-fought campaign.

And because he is responsive to his constituency and not to the international news media or any pressure group, he is encouraging American companies to invest in Soweto and in South Africa to create jobs. And he was quite a dynamic speaker on that point.

I guess I should not belabor that point at the moment. But I would ask unanimous consent that a news story published last September 8 entitled "The Truth About Soweto" be included in the record at this point.

Senator SIMON. It will be included in the record.

[The information referred to appears in the appendix.]

Senator HELMS. I thank the chairman.

Now, after yesterday's hearings, the first day of hearings on the South African situation, I was thinking last night that I was finding myself unable to reconcile the statements of some Senators who appeared yesterday with what they claimed was an assessment of South African opinion and, indeed, of American opinion on the question of sanctions. Now, I find it a little bit incongruous that I have not been able to locate even one Senator or one member of a pressure group who is willing to give up his job to make a point, but they sit here and advocate destroying even more jobs and putting more people out of work in South Africa. And I don't understand how they can arrive at such a conclusion that they are doing anything constructive for the very people whom they claim so piously they want to help.

For instance, when an international firm doing business in South Africa wants to build a plant in North Carolina, I am very pleased to welcome them. And I will continue to do that because I think everybody concerned is being helped.

And as I tried to say yesterday, the way to build the political strength of any group is to build the economy, and you certainly can't do it by putting people out of work and causing their families to go hungry. And that is the only result that I saw during the 8 days I was in South Africa, and I talked to people in all walks of life. I talked to the leaders of all opposition parties. And I asked and I asked and I asked do you favor sanctions, and not one person, worker, miner, farmer or anybody else, said that he was in favor of sanctions. Not one.

And yet, here we have a pious demonstration by people sitting in Brooks Brothers suits saying they need to sacrifice over there. They need to give up their jobs so that a political process could be made to work. Well, I think they are absolutely 180 degrees wrong, and I believe the evidence supports me.

Also, the evidence supports my position that the overwhelming majority of black South Africans are not willing to see a destruction of their economy, the loss of their jobs, in an attempt to dismantle the remainder of the apartheid system in South Africa. They want constructive change. This is what I heard day after day, person after person.

I challenge members of this committee before they pursue their course further to go to South Africa and to go around the countryside as I did on an independent trip, not a Government-guided tour, but stop where they want to. Go to Soweto, talk to the blacks as I did. But I checked around, and I don't find any Senator who has done that except this Senator. And I think in all fairness that Senators ought to be willing to do that. But they're not willing to do that which causes me to wonder if this is not a political gimmick coming as it does just 2 or 3 weeks before one of the major conventions.

In any case, in addition to the many conversations which I held during my trip last year, discussions included blacks and Indians and coloreds, reinforcing what I have just said. There is a substantial body of public opinion polling from South Africa, which the major news media of this country are solid about in seven languages. And I ask the media why don't you publish the results of the polls. Now, I'm going to make them available to you. They are public opinion polls, and I haven't seen one mumbling word in any of the major media about them. Surely, we can agree on one thing, if we can't agree on anything else, that the opinions of the black people in South Africa are entitled to be known in this country before the United States Congress so piously goes forth again with unwise, destructive, political legislation.

At least 13 public opinion polls have been conducted during the period ranging from 1984 to 1987. And of these 13, 12 of them—count them—12 have shown the majority of black South Africans—not white South Africans, black South Africans—oppose sanctions against South Africa. Are we going to deny them any participation in this debate?

Similarly, there are many black church leaders and other black political leaders who are vigorous in opposition to sanctions. I have just said that I met with the leadership of every major opposition political party in South Africa, and every one of them not only was vehement, they were adamant in stating their opposition to sanctions.

Now, of course, they are certain more radical factions supporting sanctions, and these are the ones who are quoted in this country day after day.

And in my judgment, the State Department and the Congress would be well-advised to focus greater attention on the voices of moderation in South Africa, the moderation voices of blacks, those black South Africans who are committed to a postapartheid South Africa of democracy and free enterprise no less than the pious proclamations that we hear around this place. These moderate blacks in South Africa are the real majority, and why aren't they being heard?

And I might add when I got back from South Africa, I wrote to 15 or 20 of the major news media of this country, including the 3 major television networks, CBS, ABC, and NBC,and I said, "Look, why don't you invite these men, the leaders of the opposition, in South Africa to come over here and appear on your programs." And I got some snippy notes back. They weren't interested. They want to carry the day-by-day declarations and proclamations of the demagogs on this issue. They would not invite one of them. And I think we ought to ask ourselves why.

I ask unanimous consent, Mr. Chairman, to include at this point in the record a summary of the political public opinion polls that I have just referred to, as well as a thoughtful analysis of them done by American journalist Donald Caldwell as published in Public Opinion magazine. And we will make those public opinion polls available to the news media in the hope that you may want to run something about it and let the American people know what the majority of the moderate blacks in South Africa are thinking on the question of sanctions.

[The information referred to appears in the appendix.]

Senator SIMON. Thank you very much, Mr. Chairman.

Mr. COLEMAN. Mr. Chairman, may I make a statement?

Senator SIMON. Before you get a chance to make a statement, Mr. Secretary, I would respond briefly here.

Mr. COLEMAN. Then I may not have to make a statement.

Senator SIMON. There is no friendlier Member of the U.S. Senate than Senator Jesse Helms, but every once in a while he can get off the deep end, as I guess we all can from time to time.

What I did not hear from my colleague was any sense of being irate at the massive injustice that is taking place in South Africa.

Senator HELMS. Well, you didn't listen to my statement yesterday, Paul.

Senator SIMON. Well, I listened to your statement yesterday.

Let me just mention a few other things here. No. 1, your criticism of others of not getting to South Africa is valid. I was scheduled to go there about a year and a half ago, and because of the political situation in South Africa at the time, I was persuaded to visit other African countries rather than South Africa, but I will be there in August.

But I have talked to a great many people from South Africa of every hue and of every political opinion, and those who had recently—when they had a 3-day strike in South Africa, that wasn't a public opinion poll, but it was a massively effective strike. And they weren't people in Brooks Brothers suits who were striking. Those were people who said we have to have change.

Now, in terms of what it does in jobs, I go back far enough, and I regret to say you go back far enough, my colleague from North Carolina. I can remember the days of desegregation in the South. And I remember those of us who were pushing for integrated schools. One of the arguments was if you have integrated schools, you're going to have black teachers fired. And there were some black teachers fired. But we are a better society for what we have done. There is going to have to be some hurt, unfortunately, as we move toward achieving justice. And if there are people who come up with more effective ways than sanctions to get the message to South Africa, I'm willing to listen to them. I am eager to hear from them.

But this is not a political gimmick. It wasn't a political gimmick when your colleague, Senator Lugar, introduced the sanctions bill 2 years ago. You're going to find Paul Simon and Alan Cranston and Ted Kennedy and Lowell Weicker and many others of us on November 9 taking the same position we're going to take on November 7, the day before the election. We want to see action. There is nothing that would please us more than for change to come in the Government of South Africa and for this issue to disappear.

But we cannot sit silently. What we did in the 1930's when Hitler had institutional racism was we issued little pious sermons, but we did nothing to exert our economic muscle. We can't repeat that mistake. And I hope we do not.

Now, Secretary Coleman, we will let you——

Mr. COLEMAN. Mr. Chairman, I find myself in somewhat of an awkward position because, as you know, I testified that section 2 of the bill is unconstitutional because it is a taking. And that's the point I want to stress.

I also want to ask the committee to look at the testimony of Mobil as to what it is actually doing down there and the fact that the majority of its employees are black and it is doing everything it can as a responsible citizen to end apartheid. And I firmly believe that companies that do that ought to be able to stay there.

Now, having said that, Senator Helms, I get kind of uncomfortable when you start talking about men and women wanting freedom and you develop it by a poll. I thought back to the days of the Revolution, and I guess if you took a poll then, that most Americans then weren't in favor of the Revolution. It took leaders to do that. I would hate to say that what happened——

Senator HELMS. Well, I wasn't around then and neither were you.

Mr. COLEMAN. Well, but I've read about it.

I certainly would not want the state of the United States today with respect to what happened after the Civil War to have been determined by what the polls would have shown. In fact, I wouldn't want the state of the United States to show what the polls would have said what people wanted prior to May 17, 1954.

I mean, I think the thing in South Africa has to change. I think responsible leaders should do everything to bring about the change.

There was, under Senator Lugar's leadership, a bill in 1986. The companies that stayed there have followed that. A strong suggestion in that bill was that you got to get other countries to do the same thing. I wish the State Department, I wish the President would spend his time on that. I do say that that being done just 2 years ago, there ought to be more time and effort to try to carve that out before we take an additional step, particularly one which I think is unconstitutional.

So, I find myself in a very difficult position, Senator, because I need your vote ultimately to prevail. But on the other hand, I think that—and I guess everybody in this room feels—that free men and free women ought not to live the way they do in South Africa. And it has to be changed. Mobil is trying to bring about that change. It does everything the Congress says.

There has to be the indignation, and I would not want to depend upon what political polls say because in most great times in history—or even take Mr. Gorbachev. He is really changing what is happening in the Soviet Union. Thank God he first didn't get a poll because I don't think he would have taken the steps he has taken.

Senator HELMS. Mr. Coleman, I respect you, and you know I do. But I am unable to get a fix on exactly what you are saying.

Mr. COLEMAN. To tell that to a lawyer that is like saying the Pope is not a virgin. That is the worst thing you can say about a lawyer is you can't understand what he is saying. But go on. [Laughter.]

Senator HELMS. Well, let me ask you this. If you're not satisfied with the polls in the United States—oh, I suppose you agree with the polls that are published by the news media in this country with reference to this question. You don't think they're inaccurate.

Mr. COLEMAN. Well, I have trouble with a lot of polls.

Senator HELMS. I'm talking about South African polls. I'm not talking about——

Mr. COLEMAN. Being in a business, sir, where if you can ask the right question, you can usually get the answer you want, I start with the proposition polls ofttimes are misleading. I think that when people elect you to the Senate, they don't elect you to exercise your power based upon what a poll says at a particular moment.

Senator HELMS. And I think if there is one Senator who doesn't base his judgments on polls, you got to admit it's me.

Mr. COLEMAN. What?

Senator HELMS. You got to admit it is Jesse Helms.

Mr. COLEMAN. That does not.

Senator HELMS. I don't pay any attention to polls. I don't pay any attention to newspaper editorials. If I did, I would have been gone a long time ago.

Mr. COLEMAN. So, that is the reason why I don't think you could make this public policy based upon what polls are saying.

Senator HELMS. Wait just a minute.

Senator SIMON. OK, then we're going to get back to regular order.

Senator HELMS. I want everybody to raise their hands around there. And I notice a lady taking notes. I want everybody who has been to South Africa and has gone around the country talking to workers and miners and the leaders of the opposition parties, the mayor of Soweto, all of that, raise your hand if you've done that.

[A show of hands.]

Senator HELMS. And they have told you they are in favor of sanctions.

Dr. RADU. As far as I am concerned, if I may say so, I think that we should be very mindful who supports sanctions and who those people represent among the black leaders in South Africa. And I think it is very significant that Bishop Tutu, an Anglican whose church is only two-thirds or less black, supports sanctions, while the leaders of the largest and fastest growing religious groups, as far as the black population is concerned, most certainly do not. Those are Bishop Legkanyane of the Zion Christian Church, by far the largest black denomination and Bishop Issac Mokoena of the black independent churches; the former is silently opposed, while Bishop Mokoena openly criticizes any kind of sanctions.

Now, why are these people so different from Bishop Tutu's position? Perhaps because they are closer to the rural population, the black population which is suffering most because of the sanctions, and which is not represented, generally speaking, in the polls. The polls are generally biased toward the urban population, which is the minority among the blacks. Also, the rural population is more immediately vulnerable to the kind of sanctions already imposed against food exports and so on. All these are things which you should consider.

And then we should ask two practical questions. Does the United States have more leverage by having less economic intercourse with South Africa or less? And the second, Do we think that starving blacks would be stronger opponents of apartheid than relatively well-off black workers?

Senator HELMS. I thank you, sir.

Senator SIMON. We will proceed to the regular order at this point. And let me take the chairman's prerogative of asking some questions.

One, Mr. Coleman, you mentioned the unconstitutionality. I should remember this. Was Mobil involved in Libya at all?

Mr. COLEMAN. Mobil was involved. The answer is I think "Yes." Yes.

Senator SIMON. And there the United States Government made clear that American corporations ought to get out of Libya. Was that action unconstitutional?

Mr. COLEMAN. Well, that has never been tested in court. There are a lot of distinctions among them. As I understand it, there is nothing in the Executive order which says that the companies cannot hold and own the property in Libya. They can't operate it. That makes a difference.

Here if you own it, the mere ownership, 180 days after the statute is passed, makes it a crime. If you look at the Executive order in Libya, it is completely different. You also have to recognize that there the order came about only after the leader of Libya drew that line saying that the part of the Gulf of Sidra was not international sea. And my understanding is that there was actually some shooting at U.S. vessels. At that stage, you're talking about something completely different. The cases say that in an emergency like that that Government can do things.

But here you don't have that type of an emergency. Here you have the fact that after big debate in 1986, some people saying what should be done. There was a compromise. And based upon that compromise, Mobil has continued to operate properly consistent with law. It doesn't import any crude oil. It doesn't do anything that that statute says it shouldn't. And it does everything that the 1986 act affirmatively says it should. And my point is that to say that 180 days after you pass the statute, that all that becomes illegal, you have taken that property without compensation.

The Libyan thing is completely different. If the South Africans start shooting at United States ships, you got a completely different ball game, and that is what happened in Libya.

And also, I think you will find a court of claims case which says this raises a very substantial issue, but it's the type of case that the Supreme Court should pass upon. And that is why I cited in my memorandum the Supreme Court cases, and that is why I also cited in the one case which went 5 to 4, the four were Chief Justice Renquist and the others. And you're really making up your mind, since you supported him, how Justice Kennedy is going to vote when that issue gets there.

Senator SIMON. I would appreciate—and I've already had some suggestions from you for modification—any specifics that you can recommend to make this section, to move where we want to move, but steps that would fall within the framework of the——

Mr. COLEMAN. You put me in a difficult spot because I've got a lot of bright young people back in the office. If I had a problem, I first would get them to work on it. Then I can exercise my judgment. I'm serious. I really don't know.

But I really think that what you ought to look at, Senator, this time is this the time to make section 2 part of the law. I don't think it is. There is no calling for it, and I can't tell you how you could do section 2 in the absence of saying that if a company left and it could get just compensation and the Federal Government would pay it the difference between what the fair value of the property was and what they got. And I don't think that I as an American citizen, realizing how big the deficit is now, that I should be up here telling you to add $2 or $3 billion to your budget program.

Senator SIMON. I thank you.

Mr. Smith, you heard my colleague talk about the polls. The most recent poll I have seen is the one by the Community Agency for Social Enquiry which suggests that 26 percent of blacks oppose sanctions. But frankly, I have a great question about any polls, particularly polls in a country that does not have full freedom of the press. It's very difficult for people who are not fully informed to form opinions on this kind of an issue. I am a subscriber to the Weekly Mail. That is threatened with extinction in South Africa because of their open, vigorous opposition to apartheid.

Is there any impression you have as to the reliability or should we pay attention to polls as we look at this South African situation, Mr. Smith?

Mr. SMITH. Yes, let me respond to that, Mr. Chairman. Thank you.

First of all, I want to say that the South African Government equates calling for sanctions and disinvestment with economic sabotage which is an act of treason punishable by up to 25 years imprisonment under the 1956 Official Secrets Act, the 1962 Sabotage Act, and the 1982 Internal Security Act. Now, when you are operating under those kinds of conditions in South Africa, the reliability of polls and polling in the South African context is very suspect.

I would like to add that people like Archbishop Tutu and Allan Boesak have been able to call for sanctions primarily because of their prominence in the international community which shields them to a certain extent from retaliation by the government.

But let me just say more specifically about the polls. As I mentioned in my formal testimony, statistics are easily manipulated. And trying to get truly reliable statistics through polls on black attitudes toward sanctions is a very complicated and difficult task. There are several polls, Mr. Chairman, that show that blacks oppose sanctions. And I would like to point out that most of those polls were commissioned or carried out by South African business interests, progovernment think tanks, our own government.

Second, I want to point out that there are several polls that indicate that blacks support sanctions. And I have a stack of them with me. And if it is OK, I would like, if I could, to submit these for the record so they can be part of the record.

Senator SIMON. They will be inserted in the record.

[The information referred to appears in the appendix.]

Mr. SMITH. But I think it is unrealistic to expect honest answers from black people at the grassroots level to answer a question about sanctions that could land them in prison for many years. So, I think the key point that we have to keep in mind is that the leadership in South Africa of the organizations that I have mentioned, COSATU, NACTU, the United Democratic Front, the South African Council of Churches, the Catholic Bishops Conference, and several other antiapartheid groups have made clear in no uncertain terms—their leaders have spoken on their behalf—that they endorse economic sanctions, and they have been very specific about that.

Finally, Mr. Chairman, I would like to make one other very brief point. Senator Helms mentioned in his remarks that people are suggesting sanctions that we turn down the economy, et cetera.

Senator HELMS. Mention what?

Mr. SMITH. I would like to point out—the point I'm trying to make is——

Senator HELMS. What did I mention that you said?

Mr. SMITH. That we are supporting sanctions. It is going to hurt blacks. Things are going to get worse. And I want to respond to that.

Senator HELMS. That's really just ipso loquitur. It speaks for itself.

Mr. **Smith**. Well, my response to that, Mr. Chairman, is that in 1960 when 69 blacks were shot down in the streets of Sharpeville, we did not have any meaningful sanctions against South Africa. During the 20-year period between 1960 and 1980 when 4.5 million blacks were forcibly removed from their homes, there were no sanctions against South Africa. When more than 700 schoolchildren were murdered in Soweto in 1976, there were no sanctions against South Africa. I could go on and cite the hurt and the pain that blacks have been forced to endure because of apartheid where 90-percent unemployment exists on Bantustans not because sanctions, but because of apartheid.

We have had limited circumventable sanctions in place for less than 2 years since 1986. We have had a no sanctions, no pressure policy against South Africa for 40 years—40 years. We have constructive engagement for 8 years. But in less than 2 years of limited loophole-ridden sanctions, already those who oppose sanctions are saying that sanctions don't work. I don't think there is a basis for making that conclusion under those circumstances.

Thank you.

Senator **Simon**. I thank you.

We have a vote on on the floor of the Senate. We will take a 10-minute recess and be right back.

Dr. Davis and Ms. Voorhes, everybody else has had something to say. You haven't had a chance to get in a word here. You have heard all the discussion. Any comments by either of you on all these things we've been talking about here since you have testified?

Dr. **Davis**. I would echo a couple of the comments that Damu Smith said. It is very difficult to get an accurate assessment of black opinion in South Africa on something as controversial as sanctions. There have been a number of polls and one should assess those. But I think when, as you pointed out, Mr. Chairman, the press is not permitted to openly discuss issues such as whether sanctions are good or bad or whether they should be applied or not applied, and when the press is not permitted to report those who advocate sanctions in a way that lends their argument credence or that weighs equally with those who oppose sanctions, I think it is very difficult for anyone to expect that public opinion can be accurately assessed.

This is particularly true when we talk about townships. I think it is important to paint a picture of townships these days. You are talking about a massive crackdown. The state of emergency has brought troops into the townships, security police into the townships, "kitconstables," these quick policemen that have been hired. And the end result is an atmosphere of fear, a situation where blacks in the townships are fearful of people coming and they don't know who they are or who they are reporting to. So, when pollsters send people through asking questions, the answers to which may be considered against the law, it is not clear that the answers that will emerge are going to accurately reflect black public opinion on matters as controversial as sanctions.

Senator **Simon**. Ms. Voorhes.

Ms. **Voorhes**. There are a number of points I would like to make. One is that on the question of polling black South Africans, I don't believe that the arsenal of national security laws would intimidate individual blacks from responding anonymously to public opinion polls. It is true that under the Internal Security Act people could possibly be tried for subversion for advocating sanctions, and that is an explicit penalty in the state of emergency regulations for people who advocate disinvestment, sanctions, and boycotts.

However, despite all of those laws, there are a number of prominent black leaders who do advocate sanctions. So, while I don't want to underestimate the importance of those laws as a chilling factor, I don't think they really operate on individual South Africans responding anonymously to polls.

I think the problem might lie more in that for many black South Africans this is a very complicated issue. It is not clear what the consequences of sanctions are. It is not clear to us here debating various bills what the consequence of sanctions might be.

In terms of the possible bias of the pollsters, I think it is interesting to look at the most recent survey that was done by Mark Orkin, who is a sociologist with a research agency called CASE and who is sympathetic to antiapartheid activists in South Africa. In his poll of black South Africans, an initial question asked respondents whether they were in favor of sanctions. It noted which political groups supported sanctions, which ones opposed them, and then asked respondents for their opinions. Two-thirds of the respondents said that they were in favor of sanctions.

His poll then proceeded to ask these respondents whether they would stand by their positions if some blacks were to lose their jobs and if many blacks were to lose their jobs. Only 14 percent of the national survey said that they would support sanctions if many blacks would lose their jobs. Another 26 percent said that they would support sanctions if only some blacks, but not many blacks, would lose jobs. It is difficult to know what "some" and "many" mean in the minds of black South Africans. I think it is significant that many polls show that a hardcore minority of urban Africans—about 25 percent—favor sanctions even if it means an increase in black unemployment.

It is important to realize that black South Africans are not a monolithic force. There is a range of opinion. There is still a lot of debate and discussion going on in South Africa about what the impact of sanctions will be and if there is a way to tailor calls for sanctions so that they might be more effective.

It is also important to supplement the public opinion surveys with the attitudes of the major black political organizations that influence black opinion. And I think anyone would include in that category the United Democratic Front, which claim, to have 2 million members indirectly through its affiliates; the two black labor federations, which are COSATU and NACTU; and Inkatha, which is primarily a rural organization headed by Buthelezi and claims to have a membership of about 1 million people. Finally, I think many people would want to include the groups that advocate a black consciousness philosophy, such as the Azanian People's Organization, even though it is a much smaller group.

Senator SIMON. Senator Cranston.

Senator **Cranston**. I have no questions at this point, but I want to thank you all for your testimony and for your helpfulness. Thank you.

I want to particularly thank Mr. Smith for the very effective work that you and your organization have been doing throughout the country and your Washington staff to create an understanding of apartheid and the need for effective American support against it. Thank you very much.

Mr. **Smith**. Thank you.

Senator **Simon**. We thank all of you. I would add we are going to keep the record open. There may be some of my colleagues who will have questions that may be submitted to you. If you can respond as rapidly as you can so that we can include those in the record. Thank you very, very much.

Our next panel is Randall Robinson, Jim Martin, Byron Charlton, and Dr. Walter Williams. Randall Robinson, who is not new to these halls, is the executive director of TransAfrica. We are very pleased to have you here.

STATEMENT OF RANDALL ROBINSON, EXECUTIVE DIRECTOR, TRANSAFRICA

Mr. **Robinson**. Thank you, Mr. Chairman. Let me apologize at the outset for having to leave no later than 11:15. I will make my comments as brief as possible. I would like to put the entire statement in the record and make brief comments.

Senator **Simon**. Your full statements will be put in the record, and we would ask each of you to keep your informal comments to 5 minutes, if you could.

Mr. **Robinson**. I think I want to start, Mr. Chairman, by trying to focus on what the Congress should be focusing on, what the United States should be focusing on, in refining and formulating its foreign policy toward South Africa, and what the global community should be focusing on. That is the consideration of the stakes, the ongoing cost of current policies toward South Africa, and what we need to do in the world to bring about a just peace and democracy.

In South Africa now over the last several months, we have seen conditions worsen. Only two national organizations in that country remain above ground with the freedom to speak and conduct normal activities. They are Inkatha, Chief Buthelezi's organization, and the Afrikaner Resistance Movement. As of February this year, all other organizations have been effectively banned, as have all other individuals. Since 1950 some 3 million South Africans have been forcibly relocated to remote parcels of land, and another 4 million South Africans live now under the threat of forcible relocation.

There has been no movement at all by the government toward any negotiation that would produce—a vigorously sought after in the black community—democratic result. But the problem is much, much larger than that.

South Africa has raided virtually every neighboring African state. They have carried their campaign as far as France with the assassination of ANC member Dulcie in September. We find a situation now in which the nation of Mozambique, already threatened with ongoing famine, is caused to spend 42 percent of its budget on defense purposes. Angola is required to spend 50 percent of its budget in that country. South Africa now has in southern Angola some 3,000 troops and something of a permanent presence there. Zimbabwe is spending about $300,000 a week to defend the important economic link to the seaport of Beira. These are countries that can ill-afford to do that, but this is a part of the price of South Africa's apartheid system at home and destabilization throughout the region.

It is estimated in terms of loss to the infrastructure of the SADCC countries that these countries have suffered losses in excess of $10 billion. Some estimates run as high as $25 billion. People of Mozambique have lost, as the State Department now estimates, some 100,000 lives at the hands of the South Africa assisted RENAMO. And we find now in Angola Jonas Savimbi with an interlocking leadership with South African defense forces.

Now, the focus of my remarks is simply this. What do we have to do in the world to create a willingness on the part of the South African Government to come to the table and negotiate toward a constitution that would permit one person one vote in a democratic state, and to come to that table before the black leaders of South Africa, who can unite South Africa's black community, pass from the scene—namely, Nelson Mandela, Govan Mbeki, Walter Sisulu, and others. And so, the window of opportunity, Mr. Chairman, is closing. And we must move quickly.

In several strategic areas, the bill that you are now considering is vastly important. First it provides for an American convening of the industrialized democracies to talk about a common plan for the imposition of sanctions. I think that is very important for it is naive to believe that South Africa is going to do what, in effect, is a surrender of power without the application of important Western pressure.

The Shipping Research Bureau of Holland suggests that if oil to South Africa were cut off today, in about 250 days the Government of South Africa would be in panic. Two-thirds of its oil has to be imported. Thirty-five percent of South Africa's total consumption of oil by transportation of the military and police is supplied by American firms.

Since sanctions were passed, Mr. Chairman, we have put about $2.9 billion in new loans largely in short-term money into South Africa. It has been suggested by many experts that if six countries—the four principal countries, France, West Germany, Great Britain, and the United States, in addition to Switzerland and Japan—were to come to an agreement on the curtailment of loans to South Africa, the government would be crippled in a matter of weeks.

The same is true for investment, Mr. Chairman. In one recent 10-year period, we paid to the South African Government $8 billion in taxes. In about the same period, South Africa increased its military budget 860 percent, and has recently doubled its police budget. The wherewithal comes from Western underpinnings, and we provide it.

When we cut that off, we will get a new willingness on the part of the South African Government to proceed to negotiating.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Robinson appears in the appendix.]

Senator **Simon**. Thank you. Since Mr. Robinson has to leave very shortly, I'm going to take the liberty of having—if we can each confine ourselves to one or two questions, and then we will hear from the balance of the witnesses.

First, I think you summarized in your written the testimony the situation as well as anyone has in a couple of simple sentences. "Pretoria has been, as it presently is, intransigent and hostile toward all internal attempts to end apartheid peacefully. If economic sanctions are not imposed, apartheid will be dismantled but only through a racial war. To avert this disaster, the United States must remove its economic underpinning of apartheid. We must impose the strongest possible economic pressure." I think that is about the sum and substance of where we are.

Let me ask you this. There are those who say it is not probable that we're going to have the votes to override a Presidential veto. There is no point in Congress going through the business of passing sanctions if we can't override the President's veto. What is your response to that, Mr. Robinson?

Mr. **Robinson**. I think there is a real point to it, Mr. Chairman. The people of South Africa would like to know first that the Congress cares. I think November will make a great deal of difference in the fortunes of South Africa. I am impressed that Governor Dukakis supports the notion of multilateralism in our policy toward South Africa. And I am confident that the next President of the United States will not only not override sanctions, but will vigorously support those sanctions. And I think it is important that the Congress continues to carry us in the right direction.

It is something of a disgrace that for the last 8 years the President of the United States has not aroused himself to moderate condemnation of the South African regime. I think that is a shame that we all have to live with. Nonetheless, I think that it is important that the Congress be on record clearly on this issue for it has both moral and strategic consequences and I think will serve as a signal to the next President of the United States how important this issue is to us all.

Senator **Simon**. Senator Helms.

Senator **Helms**. Since Mr. Robinson is going to leave, I would like to ask Dr. Williams or Mr. Martin if they have any comment on what he has said.

Dr. **Williams**. Yes, just one comment. It never ceases to amaze me that the people who call for sanctions—the strongest proponents—don't go back and look over history.

In 1968 the United Nations called for voluntary arms embargo against South Africa which was later—roughly 10 years later—made into a mandatory arms embargo against South Africa. South Africa, since that time, has become arms independent. And it is 1 of the top 12 arms shippers in the world.

Now, would those early advocates of the arms embargo be pleased to know that South Africa is in this position after we have taken this holy stance. In light of the fact that that embargo did not work to produce the desired results, would those advocates now say we need even stronger arms embargo measures, as they are calling today with respect to sanctions? That is my only response.

Senator HELMS. Mr. Martin.

Mr. ROBINSON. I would like to comment on that.

Senator HELMS. Let Mr. Martin comment if you don't mind.

Mr. ROBINSON. May I respond to him before——

Senator HELMS. Well, I want to hear Mr. Martin because I want you to hear him before you leave. Go ahead, Mr. Martin.

Mr. MARTIN. Thank you very much, Mr. Chairman, Senator Helms.

I too, as Professor Williams, am never ceased to be amazed about persons who advocate sanctions again without searching history. If we would look at the experience of sanctions in Rhodesia, now Zimbabwe, we know that over a 15-year period of time with an import substitution economy in Zimbabwe, the country of Rhodesia was able to function quite successfully and resist "the imposition at the highest level" of multilateral sanctions imposed not only by the United Nations but by nations of the European Economic Community. Rhodesia, then Zimbabwe, was able to obtain whatever material it wanted to be able to function.

What I am hearing today is that we want sanctions to be imposed because it will, in fact, make us as Americans feel good and will impose a little pain on black South Africans.

More importantly, what I am hearing is a lack of information on how sanctions becomes what I call a proapartheid mechanism to further entrench the power of the South African Government to further entrench a monopoly capitalistic economy in the hands of five to seven major South African companies and to deny black South Africans access to the very things sanctions advocates have here in America, the access to a functioning economy. The access to colleges, universities and secondary education, and the access to hope.

Senator SIMON. Mr. Robinson.

Mr. ROBINSON. Well, first, black South Africans want the access to the voting booth. They never had that to run their own affairs.

Let me say something about what sanctions do and what sanctions do not do. Sanctions are most effective when they are applied in full force by a small number of countries upon which the subject country is almost wholly dependent. Sanctions always leak. They raise the cost of what people have to buy, the country has to buy, and they reduce the income of what they have to sell so that the premium in doing or paying becomes not supportable by the economy affected.

If we talked about the question of arms, 30 percent of South Africa's arms now used by the military have to be purchased by the South African Government. And 80 percent of the components of locally made arms have to be imported. The arms embargo has added about $2.1 billion to the military budget. That is the effectiveness of arms sanctions against South Africa.

If we talk about oil, South Africa from 1979 through 1988 has paid about a $20 billion premium to obtain, refine, and distribute oil as a result of the voluntary oil embargo. When sanctions are made complete, they will do to South Africa what they did to Zimbabwe. It took 11 years, but in the last analysis the Zimbabwean economy was not able to withstand the combined pressures of pressures from within the country and the external global sanctions pressures from without. And only when Ian Smith had no other choice but to come to the table and negotiate did he do so.

And we can't say what sanctions will do with any great assurance. We know what the current policy has not done over the last 8 years. The alternative we can be certain about, and that is the racial holocaust. That is disaster, and that will not produce a democratic result.

Senator **SIMON**. Senator Cranston.

Senator **CRANSTON**. Thank you very much, Mr. Chairman. Before you leave, Mr. Robinson, I would like to pay tribute to the work you have done over the years on this and to say that your moral suasion had a lot to do with our passing that bill in 1986. And I remember when I was floor managing that bill, you were up there in the gallery watching and hoping that we would be successful, as we were.

Senator Helms made a comment a bit earlier deriding witnesses who come before us in Brooks Brothers suits lobbying for sanctions. I think there is an important lesson related to that for all of us here. We should recall that this struggle started in the villages and in the streets of South Africa with barefoot people, people in blue jeans, people in tattered clothes protesting the way they are treated in that land. And many of them were killed. Many of them landed in jail. They cannot come here.

But now we have this session. The battle has moved to this hearing room for the moment, and we have others who are carrying on the struggle. And I praise all of you who have engaged in this effort. We are listening. I hope we are prepared to act.

I would like to ask you one question, Randall. In your opinion, has there been any significant administration changes in policy since the 1986 act? Does the current administration policy differ in any way from the ill-advised policy of constructive engagement?

Mr. **ROBINSON**. Well, the administration, as you know, Senator, diluted the impact of the act as the Congress passed it. It virtually gutted the uranium prohibition. It had 180 days to convene a meeting of the industrialized democracies to talk about a common plan for us and the industrialized democracies. And no meeting was ever held. And when our own sanctions were raised in the U.N. Security Council, we vetoed the sanctions. And I think that, of course, violated the spirit of the sanctions that we have and the signal was clear to the South Africans that the administration vigorously opposed what the Congress had done over its veto. And I think that reduced the effectiveness of the sanctions as well.

Senator **CRANSTON**. Thank you.

Senator **SIMON**. Senator Murkowski.

Senator **MURKOWSKI**. Thank you, Mr. Chairman.

I am curious about the effect of sanctions as applicable to credits of South Africa that are currently outstanding and the implication that if, indeed, the sanctions were extended one could make a case that South Africa's obligations would, in effect, be cancelled. In other words, they would be free of the obligations simply because of the inability of those holding the debt to rewrite the debt. And I wonder if any member of the panel could address the practicality of that kind of a sanction which would seem to be in the best interest ultimately of South Africa to have their debt forgiven. I wonder, Mr. Martin, if you could elaborate on that and then anybody else on the panel.

Senator SIMON. We are confining our questions right now to Mr. Robinson because he has to leave.

Senator MURKOWSKI. All right. Mr. Robinson, maybe you could take a swing at it and then Mr. Martin could take a swing at it.

Mr. ROBINSON. Well, I think there are several ways to answer that. And I don't think that has been worked out as fully as it will be as we get down the road on this.

As you know, the bill allows for the continuance of some trade particularly on strategic products. And so, South Africa will still have some linkage to the rest of the world, certainly to those people who continue to put new money into South Africa, the West Germans and the Swiss.

But even were they inclined to do that, South Africa is in no position to impose any sanctions at all on the rest of the world. One can look at a model of Rhodesia to see what happened there. But even if these obligations were suspended for a period, they would be as the result of a negotiation that called the sanctions off and produced elections, reinstated obligations.

So, I don't think that would be a serious matter, but it may be a matter on which our Government would have to take a position to shore up those who have a stake in that question.

Senator MURKOWSKI. My concern is more narrow than that. It is my understanding that the so-called Kennedy-Cranston bill would technically give South Africa a windfall potential of about $3 billion by prohibiting any loans or reinvestments in South Africa, and as a consequence, the ability to renegotiate would be voided by the prohibition.

Mr. ROBINSON. My understanding of the law, Senator, it does not mean that the South Africans would not still have an outstanding obligation.

Senator MURKOWSKI. Well, it would obviously have an obligation, but only technically I think that there is a loophole here that ought to be addressed.

Is this the time for the witness or what?

Senator SIMON. No. We are just confining ourselves to 3 minutes. Mr. Robinson had to leave earlier.

Senator MURKOWSKI. Well, Mr. Martin——

Mr. ROBINSON. I find myself in a crisis now.

Senator MURKOWSKI. I wonder if Mr. Martin could briefly comment because I have one other question.

Mr. MARTIN. Thank you, Senator. It is my understanding that your interpretation is factually, in terms of the text of the bill, correct that the South African windfall would be in excess of $3.38 billion, and that it would require an additional act of the Congress signed by the President to reinstate the validity and the essence of those obligations and then begin a process once again of renegotiation.

Senator MURKOWSKI. Well, I think that points out something we're going to have to address the merits of.

My last question—I appreciate the extension of time—is it is my understanding that the narrow interpretations would also include a situation such as perhaps Shell Oil, which is a foreign corporation, but has a U.S. domestic subsidiary. And the parent would have to divorce itself of any connections with South Africa or the subsidiary—namely, Shell USA—would be prohibited, say, from participating in any OCS leases or exploration domestically in the United States. In other words, it couldn't have anything to do with any of their activities here.

The logic of going back to a parent that is an international corporation from the limited leverage a domestic subsidiary has is a pretty profound extension of the application of sanctions.

Mr. MARTIN. Well, Senator, again the Shell Oil situation is particularly important because we are not only talking about a large number of assets, we're talking about a large number of U.S.-based employees who if, in fact, Royal Dutch Shell did not see fit to divest itself or to permit its U.S. subsidiary to function as a divested entity, that entity, according to the operation of the law, would have to be bankrupted.

Senator MURKOWSKI. I won't pursue it anymore because my time is up. But if we could get an analysis of the potential job gains vis-a-vis job loss under a best-and-worst scenario such as mandating that the sanctions would eliminate Shell's presence from South Africa, I assume that there would be *x* number of jobs lost. How many of those jobs go to blacks in South Africa? I don't know, but I'd certainly like to know. Vis-a-vis the other side of it, if they were to be foreclosed from bidding on exploration in the United States, how many potential job losses there and what is the breakdown of blacks vis-a-vis nonblacks.

I think, Mr. Chairman, as we approach the merits of extended sanctions, we have to be careful—you know, and I voted for sanctions the first time. And I watched the sanctions, and I think sanctions have an application. But the question is how far do we take it. Do we take it to the absolute limit? And I'm concerned over the political implications, and I'm concerned over it being staged as a black-and-white issue. You know, you are either for it or you're against it. And the implication is that if you do not support sanctions totally, why, you don't support civil rights. You know, these are interpretations that come from my constituents and I'm sure yours as well. And I don't think that is the intention of anybody on this committee.

The intention is to try and be responsive to a situation in South Africa that we can't tolerate. And the question is, Is our input in that process of having a presence in South Africa a better way to bring about change or to absolutely invoke sanctions in the strictest possible way?

And I think we have a mentality in this country that suggests that we expect change to happen overnight. That's the American way. We want to get these problems behind us. Unfortunately, it doesn't work that way. It takes a long, long time. And the question is, How can we best make that contribution?

I thank you, Mr. Chairman, and I thank the witnesses.

Senator SIMON. Thank you.

We're going to proceed back to the 5 minutes, and we will hear from all three witnesses. I understand you may have to leave, Dr. Williams, and we will hear from you first. And then we will proceed to the other two witnesses, and then have questions by the committee.

STATEMENT OF DR. WALTER E. WILLIAMS, PROFESSOR OF ECONOMICS, GEORGE MASON UNIVERSITY, FAIRFAX, VA

Dr. WILLIAMS. Thank you very much. I would like to have my remarks entered in the record, which will be coming.

First of all, I would like to say that apartheid, like any violation of human rights, is despicable. But at the same time we have to recognize that a consensus that apartheid is despicable doesn't naturally produce the effective policy toward it.

It would appear to me that experience with economic sanctions suggests that the burden of proof regarding their efficacy would lie with the advocates of sanctions. We have had economic sanctions against Cuba for decades. But yet, there is little evidence of Fidel Castro and his oppressive regime giving ground.

We imposed the wheat embargo against the Soviet Union for its invasion of Afghanistan. And can we claim now, long after that embargo has been lifted, that it was responsible for the troop withdrawal?

We have had sanctions against Poland. That produced very disappointing results in terms of advancing the cause of human rights there.

The proposed legislation, among other things, seeks to have South Africa declared a terrorist state. Whether that is going to do any good is anybody's speculation. But what is plain and easy to understand is the hypocrisy that lies behind that kind of legislation.

African scholar, Peter Duignan, at the Hoover Institution reports that since 1900 there have been 7,000 to 9,000 blacks killed in civil conflict with government. These statistics are in a book that he has entitled "South Africa: What Is To Be Done."

Loss of human life is tragic, but South Africa's experienced with the loss of human life, its brutality against human life, compares very favorably to those lost at the hands of brutal black governments in Uganda, Mozambique, the Central African Empire, Ethiopia, and Nigeria, and you can name other places on the continent. We witnessed no less than genocide all over Southeast Asia. We have seen the atrocities of Russia in Afghanistan, and the lack of respect for human life all over the Middle East. And if we were to be consistent and serious in our foreign policy, using those high standards that we apply to South Africa, we would declare most governments around this Earth terrorist governments.

However, I suspect that the reasoning of the prosanctioners is the following. If the South African Government were any color other than white, the injustices that it heaps upon its black citizens would go unnoticed by the rest of the world. We only get upset because it's whites who deny blacks justice. If South Africa were a black government denying justice to its black citizens, its leaders would receive the same red-carpeted welcome that the Congress and the United Nations puts out for brutal black regimes.

And the supreme irony is our new-found love and willingness to move full steam ahead in diplomatic and economic relations with the Soviet Union failing to recognize that Lenin was perhaps the most successful implementor of apartheid, although he did not call it as such. He called it a policy of the nationalities where the Soviet Union is divided into ethnic homelands called the republic.

All the evidence suggests that black welfare in South Africa is best served by a robust economy. And, indeed, income and opportunities have risen for blacks over the last several decades. There is still a lot of room to move ahead. Nobody in his right mind would declare that American blacks would have made the civil rights gains made during the 1960's during the depression of the 1930's. But yet, we seem to expect for blacks in South Africa to make gains under economic duress.

As suggested by the survey that was discussed in the previous panel, very few blacks want Western companies to pack their bags and leave.

Finally, I would like to say that I would like to see which congressional advocate of sanctions or anybody else who supports them or argues that blacks must sacrifice their jobs for freedom, give up their jobs until Pretoria acts on the message we're sending them. Moreover, I would like to see which Congressman and prosanctioner will reach into his pocket and help support poor, young black youth that might starve as a resultof harsher sanctions.

Thank you very much.

[The prepared statement of Dr. Williams appears in the appendix.]

Senator SIMON. Mr. Martin. Mr. Martin is the Washington representative of the Congress of Racial Equality.

STATEMENT OF JIM MARTIN, WASHINGTON REPRESENTATIVE, CONGRESS OF RACIAL EQUALITY; INTERNATIONAL POLICY CONSULTANT, WORLD CONFERENCE OF MAYORS; VICE PRESIDENT, COMMITTEE FOR NEW BEGINNINGS

Mr. MARTIN. Thank you very much, Mr. Chairman.

Mr. Chairman, members of the committee, as indicated, I am the Washington representative of the Congress of Racial Equality, better known as CORE, and sit on its national board of directors, and have been since 1984.

Additionally, I do bring the panel, as well as the committee, greetings of His Honor Nelson Botile, the mayor of Soweto, who sits on the board of directors of the World Conference of Mayors, an organization to which I am International Policy Consultant.

I would request that my complete statement be entered in the record with an addendum concerning polls on South African blacks.

Senator SIMON. It will be.

Mr. MARTIN. Obviously based upon today's concerns, the polls are questionable as vehicles. If we don't want to accept polls as vehicles for opinion, then I suggest that we make it a very personal conversation, and let me make it as intensely personal as I can.

I happen to be the father of two daughters who attend school in the Republic of South Africa. These daughters attend schools there because they want to make a change in a country that I find reprehensible. They want to make a change in a very important participatory way and the way of advocacy journalism that can only be made there that cannot be made here, nor will be made here, by any of the sanctioners or persons who are concerned about black South African opinion.

If, in fact, they are so concerned, they should perhaps canvas the students at Pace Community College and worry about whether or not Pace Community College, as a nongovernment supported school is concerned about the Western influence in South Africa.

If we don't want to make it personal, then we will talk about fact. If we are concerned about religious opinion in South Africa, let us not be deceived by the protestations of Bishop Desmond Tutu whom I respect and with whom I have met on more than one occasion not here, but in South Africa. If, in fact, he is such an eminent person—and I believe he is—he has been unable, however, to convince the Anglican Church as a body to come out in favor of sanctions.

Other black churches in the Republic of South Africa have come out against sanctions. We don't seem to want to hear those individuals. We don't want to know about Bishop Mzilikazi Masiya up in Pretoria with 1.8 million adherents who, when he stands for reelection as leader of Jesus Christ of Peace in South Africa, a body of eight apostolic denominations, makes a statement that his group opposes sanctions. He stood for election 2 years and has been reelected to head that body.

We are not concerned about Lekganyane of the Christian Zion Church who makes his statement in opposition to sanctions as a part of his position and his denomination. He has been reelected for 3 years. We don't care about his 1.5 million blacks.

We don't care about Bishop Issac Mokoenna of the Christ Zion Church and his 4.5 million blacks who not only take over a city called Zion City when they have their convention for over 3½ million blacks in one place at one time, but makes sanctions in his opposition thereto a critical part of his plan for reelection. He has not only been reelected as leader, the last 3 years he has been unopposed.

Sanctions, and particularly this bill, is in fact a bill that will cause the halls of the Johannesburg stock exchange extreme glory. Currently, 83 percent of the assets in the Republic of South Africa are controlled by seven firms. When American firms divested in that horrendous bloodletting in the last 4 years, of 150 firms, over 94 percent of those firms were acquired by those self-same 5 basic sisters and 2 cousins, further solidifying the monopoly capital position. They are very happy to entertain American disinvestment because it makes them richer. It enables them to employ black labor at lower prices. It enables them not to build black housing. It enables them not to fund black scholarships, and it makes it easier to control a black population with no hope for advancement.

What I am suggesting is that what we have done is confused a political tactic with a moral statement. If we want to make a moral statement, let us make the statement that we are opposed to the

South African Government and that we will participate vigorously with the nonwhite South African population. I list in my testimony 10 particular programs currently on the books in AID that are not being used in the South African context because bureaucrats and leaders of those activities don't believe that South Africa sits on the African continent.

In closing let me state that CORE as an organization opposes sanctions as a vehicle of foreign policy. We particularly oppose this bill because it is a statement in the absence of a foreign policy.

[The prepared statement of Mr. Martin appears in the appendix.]

Senator SIMON. Mr. Byron Charlton who is the assistant to the executive director of the AFL-CIO African-American Labor Center.

STATEMENT OF BYRON CHARLTON, ASSISTANT TO THE EXECUTIVE DIRECTOR, AFL-CIO AFRICAN-AMERICAN LABOR CENTER

Mr. CHARLTON. Thank you very much, Mr. Chairman.

I recognize because of time restriction, I'll summarize my written statement that has been entered into the record.

The African-American Labor Center is one of the four international institutes of the AFL-CIO. Since its creation in 1964, the AALC has provided a wide range of programs of assistance to trade unions in 45 African countries. For the past 30 years, the AFL-CIO has expressed its steadfast opposition to the South African Government's apartheid system and its denial of full trade union rights to black workers. Through the years the AFL-CIO has urged the United States Government to use its influence in international bodies and to develop strategies to bring an end to apartheid in South Africa. Through the years, however, despite these efforts, the heinous system of apartheid remains entrenched.

The AFL-CIO saw finally there was one channel of constructive action that had not been pursued in South Africa: sanctions. That is why, since 1985, the AFL-CIO has called for sanctions against the Pretoria regime.

This call for sanctions and total disinvestment, however, was made with the careful consideration of the fate of black workers in South Africa, as well as the general interest of the United States. We took our guidance on this issue not from our own wisdom or appraisal of how much hardship people ought to pay for freedom. Rather, we listened to the workers on the firing line who told us what they were willing to pay. The loud and clear message was received: Freedom is worth any price.

We in the trade union movement have a long history of making sacrifices in the short term to achieve objectives in the long term. We in the trade union movement recognize that every time we find it necessary to withdraw our labor and call for a strike in our efforts to improve conditions for working people, hardship is imposed. But these are decisions made by any free trade union movement in full recognition that it must be prepared to make short-term sacrifices for long-term gain.

In 1986 AFL-CIO President Lane Kirkland, as part of a delegation of the International Confederation of Free Trade Unions, traveled to South Africa and met with the South African trade unionists at all levels, from officers in federations and their affiliates in independent unions down to shop stewards and rank-and-file members. All expressed the desire for peaceful, fundamental change and the willingness to pay the price. They urged us to support effective sanctions against the Pretoria regime.

President Kirkland affirmed that black trade unionists and the members they represent were well aware of the adverse impact such sanctions could have on them. But like the workers of Poland and Chile and like the followers of the Rev. Dr. Martin Luther King, they know freedom is worth the hardship.

In fact, in November 1987, just 7 months ago, I traveled to South Africa. I heard black trade unionists, black hotel workers, restaurant workers. I talked to them on the streets, and they all said the same thing: End apartheid; impose sanctions. Use every measure you can to help us help ourselves. The message is clear and strong. Apartheid must go in South Africa and all South Africans must determine their future.

I wish I could name the unions, the officials, the members, and the workers that spoke to me, but because, as has been explained earlier, of conditions, I think you appreciate the situation, therefore, they will remain anonymous.

But actions, however, in this instance speak for themselves. Consider the 3-day stay-away of June 6 through 8 of this year. Our most conservative estimates placed the number of participants at 1 million and the economic loss of $250 million. That's sanctions at work. That's workers taking on the financial loss, and in some cases a job loss. That is not people saying no to sanctions. That's not people begging for jobs. That's people who are willing to fight an unjust system by themselves. They don't deserve to fight alone.

Anyone who implies that those million plus workers were forced to stay away is underestimating the will of the people and their resolve.

The AFL-CIO cannot help but wonder whether the situation in South Africa would have improved instead of worsened had the 1986 act been fully and effectively enforced and if the United States had supported rather than vetoed a U.N. Security Council resolution to make the application of similar sanctions mandatory for all member states.

One needs only to be reminded of the recent renewal of the state of emergency for the third year, the introduction of labor legislation amendment that will severely limit trade union rights of workers, the arrest of trade unionists for exercising the few union rights they have, the closing of more newspapers and continuing press censorship, the detention of children, and the failure to enact a just, democratic political system.

Fundamental change, meaning the end of apartheid, is the only solution. Our failure to act forcefully with persuasive measures—we will be perceived as supporting the white minority regime that is imposing inhuman conditions on the black majority.

That is why the AFL-CIO supports H.R. 1580 as reported by the House Foreign Affairs Committee which will strengthen the 1986 act and provide for strict monitoring of sanctions compliance.

In closing, Mr. Chairman, I would like to say sanctions are not intended to overthrow the government, destroy the economic system, or impose another undemocratic government. Sanctions should not be a political football. Sanctions should be a pressure tactic, a lever to force the present government to include representatives of all South Africa chosen by all South Africans in an ultimate test of every nation forging a constitution which promotes equality for all, protects the belief of all, and establishes a democracy to ensure these rights.

If our concerns are for the black majority and their right to determine and participate in decisions of their future, then we must heed their voices. Those voices are saying no to apartheid, no to tomorrow which resembles today, but yes to sanctions when it means a new tomorrow, a new beginning.

Thank you.

[The prepared statement of Mr. Charlton appears in the appendix.]

Senator SIMON. Thank you.

COSATU is the largest black federation of labor unions in South Africa. They have called for disinvestment and sanctions. You have visited South Africa. Do they represent the workers accurately in calling for that? Are they representing the best interests of the future of those workers?

Mr. CHARLTON. Mr. Chairman, in speaking to the leadership of COSATU and membership of COSATU, membership of their affiliates, and membership of NACTU, the National Council of Trade Unions, and also independent unions, I find that they are representative of the workers they represent.

Someone said this morning in testimony that the disinvestment called by COSATU wanted some type of modifications. I think the clarification of that is that we support what the trade unions want. The trade unions want disinvestment with negotiations involving representatives of the workers and the people who are affected by the apartheid system.

For example, when Ford SAMPCO recently pulled out of South Africa, there were negotiations with the metal workers who represented workers in the automobile industry there. And in these negotiations, dividends of 24 percent were directed toward the black community in that settlement. There is no contradiction between saying modification of disinvestment. It does not mean that the trade unions are not supportive of full disinvestment. It means that they want to have a say as worker representatives in where the funds go, who takes over.

Senator SIMON. I thank you.

Mr. Martin, you mentioned Rhodesia and Zimbabwe. I think the general feeling is, because you had multilateral sanctions in the case of Rhodesia, that those sanctions helped to bring about the change in that government. Do you differ with that?

Mr. MARTIN. Not at all, except we have to add one very important point to that equation. While the sanctions were ongoing, there was a 15-year civil war. Now, if you want multilateral sanctions in South Africa and add to that an ongoing civil war, not clandestine bombings once a week in isolated locations, then perhaps you may be able to achieve the results you want. I don't think that is what our policy should be.

Senator SIMON. How do you suggest that we put pressure on the Government of South Africa to achieve the change that we need?

Mr. **Martin**. At least you recognizes that changes are going to come from the Government of South Africa, which is a very important recognition that many people want to forget. What we need to do is confront the Government of the Republic of South Africa with a very viable, strong vibrant group of opponents, such as the nonwhite population, blacks, coloreds and Asians, that have some theory and some understanding and a stake to bring to the bargaining table.

When you, in fact, have nothing to negotiate with, you are not in a position to be able to throw away any chips. If we are to have negotiations today, blacks, coloreds, and Asians would be able to bring 2 percent of the assets of the Republic of South Africa to the table. Blacks, coloreds, and Asians would be able to bring employment representing less than 9 percent of the employees in the Republic of South Africa.

When, in fact, you have programs that starve the black, colored, and Asian business community for capital from a multilateral force, then you are not promoting growth in that particular area. So, you have again no chip there.

When you have persons in America who say that blacks, coloreds, and Asians should not all participate in municipal elections because, in fact, under the promotion of the Black Local Government Act of 1982—that's the first time they had the franchise—what you are doing again is denying a cadre, a corps of leadership to come to a negotiating table. So, you want blacks to negotiate emptyhanded. In order to have them be full participants, they need to be full participants.

Senator **Simon**. My time is expired.

Senator Helms.

Senator **Helms**. Thank you, Mr. Chairman.

As is frequently the case, we have a number of students in the room today, and I welcome them as I know you do. And I'm not sure that they realize the significance of this particular panel and the previous one. For example, Dr. Walter Williams is professor of economics at George Mason University, and he is a distinguished educator, and he also has a syndicated column which is widely read. Mr. Jim Martin—I believe I'm correct. You're a native of North Carolina, aren't you?

Mr. **Martin**. That's right, sir.

Senator **Helms**. And the Governor of North Carolina is also Jim Martin these days.

Mr. **Martin**. He's my cousin. [Laughter.]

Senator **Helms**. But Mr. Martin is the Washington representative of the Congress of Racial Equality. I must confess that not until today did I know Mr. Charlton, but I'm sure he is equally distinguished.

Now, we have talked about sanctions and the frontline states, South Africa's neighbors, Zimbabwe, Angola, Tanzania, Mozambique, Zambia. Do these countries really embargo? Do they really have any sanctions against South Africa?

Dr. **Williams**. Well, I think that is one of the rather remarkable things how economics tends to bring people to their senses. While many of the frontline states carry on the ideology of sanctions in the U.N., they carry on a very, very robust trade with South

Africa. Some of those frontline states receive three-quarters of their energy or their power supplies in South Africa, large amounts of grain and railroad and air transports. It is very interesting that some of the frontline states or actually the continent as a whole doesn't allow South African Airlines to fly over their territories, but at the same time they will have South African Airlines wearing a different color supplying them with goods and services. I think that this is just another phase of the hypocrisy involved in this issue.

And as well, we hear people talking about the lovely solution in Zimbabwe, but they forget about Mugabe and his people are engaging in what some people call genocide of the Ndebele people or they fail to realize—we just heard about—the gentleman over here mentioned about the 3 years of a state of emergency in South Africa, but no one talks about the state of emergency that has existed in Zimbabwe very much like that in South Africa since its independence. That goes unnoticed.

I just think that what we are doing in the Western World is—really an extension of our foreign policy and foreign aid in general is that we are engaging in feel-good politics; that is, white people around the world feel guilty. They feel guilty about slavery of blacks in America. They feel guilty of the heritage of colonialism on the continent, and they want to feel good at somebody else's expense. I think that this is the hypocrisy of it.

Senator HELMS. I would ask this of Mr. Martin or Dr. Williams. I have heard it estimated that United States exporters have lost more than 1 billion dollars' worth of sales to South Africa since the imposition of sanctions 2 years ago. Is that accurate?

Mr. MARTIN. If I may, Senator, those figures are almost accurate. It's about $1.26 billion.

Senator HELMS. That's $1.2 billion?

Mr. MARTIN. "Close enough for government work" is an old expression.

Senator HELMS. Now, who has lost the most? The farmers, coal miners, who?

Mr. MARTIN. Oddly enough, farmers and coal miners represent the bulk, but a very vigorous black textile industry, which was locked out of America's market, is a major loser, a major loser to the extent of about 45,000 jobs by black-owned textile firms, not white-owned firms employing black textile workers.

Senator HELMS. You see this is information, Mr. Chairman, that is never transmitted to the American people.

Mr. MARTIN. We have attempted to get it out, Senator.

Senator HELMS. Well, I know you have, but it is kept a dark secret.

Let me make one further comment. I'm sorry Mr. Robinson left. Malcolm Wallop, Senator Wallop from Wyoming, was telling me the other day that he was invited to debate Mr. Robinson by the distinguished Oxford Union, which is probably the granddaddy of all the debating societies. And Malcolm couldn't go. Senator Wallop couldn't go because of an important conflict in his own State. And he recommended Allen Keys who is a distinguished black, a former official of the U.S. State Department who is opposed to sanctions. And when the Oxford Union invited Mr. Robinson on that basis, Mr. Robinson said "No." Now, obviously, there was an effort and there is an effort to make this a black-white issue.

Let me tell you something. Apartheid and the disgust with it is not a black-white issue. I don't know anybody who favors apartheid. What we are doing is struggling for the right answers and the right solutions and trying to do the right thing. And I submit to you gentlemen and anybody else who may be listening that the sanctions of 1986 have been a total, total failure. And the proposed legislation is even worse.

Thank you, Mr. Chairman.

Senator **SIMON**. Senator McConnell.

Mr. **CHARLTON**. Mr. Chairman, could I comment on the previous remarks?

Senator **SIMON**. If you can do it briefly. We are under time constraints here, but please.

Senator **MCCONNELL**. Well, Mr. Chairman, I might say I was going to ask Mr. Charlton a question anyway.

Dr. **WILLIAMS**. If you don't have a question for me, I have to go. Do you have a question for me?

Senator **MCCONNELL**. If you have to go, you have to go.

Senator **HELMS**. Well, I thank all of you for coming as you depart.

Senator **MCCONNELL**. Mr. Charlton, I wonder if you could give us some enlightenment as to why the frontline states have not engaged in any sanctions or at least haven't done it successfully.

Mr. **CHARLTON**. Well, first of all, let's recognize the political and economic realities of the frontline states. For example, they are held hostage to the political and the military whims of the South African Government and also the economic whims. The frontline states can only do what we cannot do. They morally can call out for sanctions, and they recognize that economically and politically they are entrapped. They can only do what they can do.

We on the outside as a superpower, as an economic power in the world, have the ability to effect apartheid in South Africa. They recognize their limitation. They are beneath the guns of South Africa, not only the military guns, but the economic and the political guns of South Africa who affects everything that goes on in southern Africa. So, they have no allusions about that. And I don't think there is a contradiction in them calling for the rest of the world to support sanctions because they are virtually imprisoned by the South African regime.

Senator **MCCONNELL**. What if sanctions don't work? What then?

Mr. **CHARLTON**. Well, I think when we start looking at the alternatives, first, I'm not going to try to make predictions because I think that anybody who claims he has the answer to the problems of South Africa don't know what the problems are to start with. It's that complicated.

But I think we have to utilize sanctions.

I keep hearing people say that it makes us feel good. Well, first of all, is there anything wrong, first of all, with recognizing that morality has a place in political decisions and economic decisions that affect the lives of people throughout the world? It should make us feel good that we are doing something that makes our position very clear to the rest of the world, to South Africa, that we don't support their type of system.

I heard Mr. Williams make a statement about whites with a guilt complex and that nobody criticizes the black nations. There again, when you examine that, what's wrong with people recognizing that we had an equally abhorrent system a few years ago in this country? And we ought to be proud that whites in this country had a guilt complex about segregation and dealt with that problem. We ought to be proud recognizing that, yes, white domination of a majority of black people in South Africa is a sensitive issue.

Senator McCONNELL. Well, let me ask you, Mr. Charlton. If that is the basis upon which we are going to conduct our foreign policy, then we should probably discontinue dealing with the Soviet Union, should we not, because of the way they treat Jews and other minorities?

Mr. CHARLTON. Well, I think that if you examine our foreign policy toward the Soviet Union, I think we have very effectively made our case toward the Soviet Union. I think South Africa is a different situation that we can affect. We are talking about a minority of people ruling a majority. You know, sometimes I think you should think what if——

Senator McCONNELL. Don't you think a minority of the people abuse the majority in the Soviet Union?

Mr. CHARLTON. I don't think that you can use the Soviet Union and South Africa as yardsticks to measure each other because the policy position of the AFL–CIO, as you know, is outright condemnation of the Soviet Union's action toward the Jewish citizens of the Soviet Union. So, we make no apologies and no excuses for abuse and repression of any group by any government, whether it be a government of the left or the right.

Senator McCONNELL. Is your organization then calling for us to discontinue our involvement with the Soviet Union?

Mr. CHARLTON. No, we are not calling for the discontinuation of involvement with the Soviet Union?

Mr. McCONNELL. Why not? Is it any less morally reprehensible what the Soviet Union does to Jews than what the South African regime does to blacks?

Mr. CHARLTON. Mr. McConnell, I think in all honesty there is nobody in his right mind who would call for discontinuance of a relationship with the other superpower who has its finger on the trigger also. I don't think South Africa is the same situation. There is no comparison.

Senator McCONNELL. Well, the point I'm trying to make, Mr. Charlton, Senator Roth from Delaware and I were the original authors of the 1986 law. By the time it wound its way through the Congress, it had some other names on it. And I'm somebody who is open to additional legislation. I'm not hostile to that thought at all.

But I must tell you in sitting here and listening to the hearings the last 2 days and trying to find some scrap of evidence that what we did in 1986 made one bit of difference in a positive way, I'm having a hard time finding it. I'm having a very, very difficult time concluding that the legislation we passed in 1986, which I originally authored, has made a positive difference in any way. And I'm just sort of curious as to your evaluation after 2 years.

Cite for me some examples of how the 1986 law has improved the situation.

Mr. CHARLTON. Well, during my visit to South Africa in communicating with the trade union leaders and membership there and during my continuous contact throughout the year because of the programs we have with the trade unionists from South Africa, I believe it has made a difference because it has made a difference in their resolve to struggle against sanctions. I think that it makes a difference. I think Brother Robinson pointed out before, and I think it is very important, that we cannot expect in a period of 2 years expect something to be undone that has been going on for almost 50 years. The apartheid regime has been in existence a long time.

I think, second of all, that our support for the freedom of the majority in South Africa is important to those who are struggling. I think the level of struggle has intensified. I think the most important thing, if they become isolated—and I think people overlook this. If the majority of oppressed people in South Africa become isolated, then I believe we face a situation of very violent civil disorder there. Nothing in the recent history in Africa—it will all seem like child's play as to what could happen in South Africa. And I think that is something we've got to consider. If the outside world seems not to care——

Senator MCCONNELL. Isn't that an argument though against this bill? They are going to be more isolated under this bill than they would be without it.

Mr. CHARLTON. No, they're not going to be more isolated because I think they recognize—and we should all recognize—that the change that takes place in South Africa will be—the change will take place because of what the South Africans themselves do, black, white, and everyone else. But the only way we can effect that change positively is to show that we will not buttress apartheid, but that we are opposed to the system of apartheid.

Senator MCCONNELL. Well, Mr. Chairman, I know I'm over my time, but I want to pose the same question to Mr. Martin. Can you give me any examples that would substantiate the point that the 1986 law which, I repeat, I originally authored along with Senator Roth, has made any difference in a positive way?

Mr. MARTIN. It has made differences only in negative ways. Things have not improved at all. Access to capital has not improved on the part of nonwhites. Job opportunities for nonwhites have not improved. Welfare, if you want to call them that, social responsibilities programs on the part of American corporations have not improved. And what we're calling for in this bill is their elimination because of the withdrawal of American corporations.

If I may extend my remarks just a bit, Mr. Chairman.

Senator SIMON. If you can make it brief.

Senator MCCONNELL. This is a very important point, Mr. Chairman. I think Mr. Martin ought to go ahead.

Mr. MARTIN. Let me just say I am delighted to know that spontaneous hypocrisy is not only the province of the frontline states. We have to be very concerned when we hear members of the AFL-CIO, who are concerned about multifiber agreements and textiles coming into the United States, who are concerned about low-priced, low-wage steel and coal coming into the United States—we have to be concerned about their call for sanctions.

We also have to be concerned when the African-American Labor Institute receives government contracts to advise trade unionists, such as COSATU, on tactics and strategy.

We also have to understand that COSATU, even though the leadership of COSATU, has made a statement in favor of sanctions, that over half of the membership of COSATU being comprised of the National Union of Mine Workers will not be affected by this bill at all because they are involved in strategic minerals which represents 80 percent of the dollar volume of trade of South Africa, not touched by this bill.

Senator SIMON. If my colleague would yield, I think we should add into this discussion that imports from South Africa decreased in 1986 $2.5 billion to $1.4 billion in 1987. So, there was an impact.

Senator MCCONNELL. Yes, but the question is, Did that have a positive effect on the black majority in South Africa?

Mr. MARTIN. Not at all.

Senator MCCONNELL. That is the question. That is presumably, Mr. Chairman, what that was all about, was to have some positive impact on the discriminated-against majority.

And as I said earlier, as the original coauthor of that bill, I would love to be able to stand up here 2 years later—all of us politicians like to look back at the things that we had a hand in passing and say, "Boy, I really made a difference." And I must tell you I haven't made up my mind about where we go from here in 1988, but in looking back at this bill that I was an integral part of passing, I'm having a hard time finding a single scrap of evidence, just one, that we made a difference in a positive way. And that distresses me. And I think it is high time that we dealt with the facts and not just made up things to give us an excuse because of some domestic political concern here in the United States for doing something that may or may not—actually may not—have a positive impact on those individuals in South Africa that we seek to help.

Thank you, Mr. Chairman.

Mr. CHARLTON. Mr. Chairman, I would like to clarify something that Mr. Martin said.

Senator SIMON. You're going to have to do it in 30 seconds.

Mr. CHARLTON. Mr. Martin, I want to declare you have a right to your opinion, but you don't have a right to be wrong about your facts. The AFL-CIO is very concerned, and rightly so—and you should be and every Member of the Senate and the Congress—about imports made with exploited cheap labor that come into this country that cause the loss of thousands of jobs in this country.

No. 2, yes, we are a recipient of funds, taxpayers' funds, which we contribute and our membership millions of dollars a year, to do programs in South Africa and other African countries, as I stated, 45 African countries. And we are not there to advise. We are there to assist in the development for a free and democratic trade union movement.

Senator SIMON. I'm going to take the prerogative of the Chair and just add one final comment here. In judging sanctions, we not only have to judge on the basis of what has happened in the last 2 years, we also have to ask was our policy prior to sanctions effective. And the evidence is pretty overwhelming that our policy prior to sanctions was not creating movement in a positive way in South Africa.

We are going to resume our hearings tomorrow morning at 9:30. The hearing stands adjourned.

[Whereupon, at 12:07 p.m., the committee was adjourned, to reconvene June 24, 1988, at 9:45 a.m.]

UNITED STATES POLICY OPTIONS TOWARD SOUTH AFRICA

FRIDAY, JUNE 24, 1988

U.S. Senate,
Committee on Foreign Relations,
Washington, DC.

The committee met at 9:45 a.m. in room SD-419, Dirksen Senate Office Building, Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Simon, Sanford, Helms, Pressler, Murkowski, Trible, and McConnell.

The Chairman. The Committee on Foreign Relations will come to order.

This morning we are holding our third hearing, but our second with public witnesses, on policy options for the United States with respect to South Africa. The committee will hear from several witnesses who will focus on specific economic issues associated with S. 2378, the comprehensive sanctions bill, and from individuals who have been actively involved in the South African issue at the local level.

We are particularly pleased to welcome two witnesses from my own home State of Rhode Island, Mr. Newsome of the Rhode Island Divest Coalition, and Ms. Carol Bragg, an old friend, a field secretary with the American Friends Service Committee.

They will be joined on the first panel by Bishop Walker, the Episcopal Bishop of Washington, Dean of the Washington Cathedral; Mr. Robert Dale Wilson, former executive director of the National Critical Materials Council; Mr. William Beattie, president of the Strategic Materials Corp.; and Mr. Henry Bingham, executive vice president, International Investors.

I would add that that is the first panel. We have a second and a third panel.

I am asking all the witnesses to limit themselves to 5 minutes of oral testimony. The full text of the statement can be inserted in the record. This will give us an opportunity for questions, which from our viewpoint as Senators, is a great help.

We are very honored to have with us the Episcopal Bishop of Washington, my own bishop, the Rt. Rev. John T. Walker, whom I know has an engagement and has to leave very shortly. I welcome him here very enthusiastically.

Bishop Walker.

STATEMENT OF THE RT. REV. JOHN T. WALKER, EPISCOPAL BISHOP OF WASHINGTON AND DEAN OF THE WASHINGTON CATHEDRAL

Bishop **Walker**. Mr. Chairman, members of the Committee on Foreign Relations, I am pleased to appear before you today and to share with you my views on pending legislation to impose full economic sanctions an apartheid-practicing South Africa. On June 16 almost 12 years ago, the South African system of apartheid proved itself as evil as any we have known in this century.

June 16, 1976, hundreds of black South Africans were shot down in cold blood. We would compare this system to Naziism, Stalinism, or any of the brutal regimes of Central or South America.

Many of these men, women, and children were killed because they dared to peaceably and nonviolently protest a system that enslaved their minds and bodies. The South African Government calls its system, both Christian and democratic, and at the same time it kills and imprisons innocent men, women, and children who dare to call on South Africa to practice the principles of Christianity and democracy.

Democracy is a system that allows its citizens the right of self-determination, to have a voice in the laws which govern them, and to choose the leaders which make those laws.

This is not the case in South Africa. Those who stand for justice and speak the truth as they see it are imprisoned, banned, or killed. This is not democracy.

Black South Africans want an equal voice with others in determining their lives. They want to live in a free and open society.

That should not be difficult to comprehend. They want the right to walk with dignity and to live in peace. They want the right to vote on the laws and the lawmakers who will govern their society.

Nothing less will do, not open beaches or lunch counters, not biracial marriages or integrated neighborhoods, not just a few seats in government for a select few. These are just tokens and are an insult to the dignity of the people.

I wish that the South African Government would change without outside pressure. My personal hope was that there might be other ways than economic sanctions and boycotts. However, when a government refuses to listen to the human cry for justice and freedom, then it becomes necessary for the world human community to make a witness that is loud and clear.

Apartheid must end, not gradually or on some prolonged timetable. Apartheid must end now.

The Executive Council of the Episcopal Church at its May 1988 meeting voted by resolution to support comprehensive diplomatic and economic sanctions by the United States. We of the Episcopal Church in America will continue to commit ourselves to work for the ending of apartheid.

We will lobby, write letters, stand in demonstrations, go to jail, boycott, and call for the strongest actions possible by our Government and our people.

We call upon all who value freedom to unite to continue the pressure until the system of apartheid ends. For all of the people, blacks and whites in South Africa, apartheid must end.

Justice and freedom must become a reality. There can be no compromising of justice and bowing in the face of evil. We believe that victory will be achieved and that our collective voices can and do make a difference.

I urge the members of this committee, regardless of political party, point of view, or personal perspective, to vote to impose full, comprehensive economic sanctions on South Africa.

It is the only way we as Americans and believers in democracy can place ourselves on the side of justice, freedom, and peace in the world.

Thank you very much, sir.

[The prepared statement of Bishop Walker appears in the appendix.]

The CHAIRMAN. Thank you very much, Bishop Walker. I know that you are going to have to leave in a moment, so I will make an exception and ask a question now rather than wait for the whole panel to testify.

If my recollection is clear, 2 years ago when you testified on the sanctions bill that we passed, you testified in opposition to it. What has caused you to change your mind?

Bishop WALKER. Events in South Africa since that time have demonstrated quite clearly, it seems to me, that that government is not going to concede. I suggested at the time that the Government of South Africa might not fall on the basis of American economic sanctions, and particularly the bill that was before the Senate and House at the time.

It seems to me that full economic sanctions might bring the kind of pressure to bear that might possibly persuade others to join us in this. But at the very least, our Government, it seems to me, can make a strong statement that we will not do business with a system as evil as apartheid. And all of the cautionary and easy attempts that we have made in the past have not sufficed.

And it seems to me that that is reason enough to change one's mind.

The CHAIRMAN. I thank you very much for a very clear explanation of why you have changed your mind, and I wish you well. And thank you very much for being with us.

Bishop WALKER. Thank you, sir.

The CHAIRMAN. Thank you, Bishop Walker.

Our next witness is Mr. Robert Dale Wilson, former executive director of the National Critical Materals Council.

Mr. Wilson.

STATEMENT OF ROBERT DALE WILSON, FORMER EXECUTIVE DIRECTOR, NATIONAL CRITICAL MATERIALS COUNCIL

Mr. WILSON. Good morning, Mr. Chairman, staff of the committee.

My name is Robert Wilson. I am a partner in the government relations firm of Wilson & Wilson here in Washington. Until 2 weeks ago, I served as executive director of the National Critical Materials Council, a part of the Executive Office of the President.

Prior to that, I was Director of Strategic Resources at the U.S. Department of Commerce for about 6 years.

During the recent debate on South Africa, there has been scant attention paid by both media, the Government, legislative and administrative branches, on that country's mineral resources and their importance to the free world.

In 1985, I concluded a joint field trip to South Africa with staff members of the War College. We came back and filed a report. Some of the key findings were as follows:

South Africa possesses the greatest concentration of strategic and critical minerals and materials in the free world.

The maintenance of free market access to manganese, vanadium, chromium, platinum metals, gold, ferroalloys, and cobalt produced in or shipped through South Africa is vital for the United States defense and the functioning of the domestic civilian economy.

In contrast to the Soviet Union, which is virtually self-sufficient in these minerals, the United States and its allies must confront an increasingly complex and vulnerable system of production and distribution.

It is important to note, with regard to minerals in South Africa, that one of the key elements that disturbs many people is the world reserve base of some of these metals. For example, of the total known reserves for platinum group metals in the world, 90 percent are found in South Africa, 9 percent in the Soviet Union.

For Manganese, 71 percent of all known reserves are in the Republic of South Africa, 21 percent are in the Soviet Union. For Chromium, 84 percent of the known world reserves are in South Africa, 2 percent are in the Soviet Union.

The numbers are similar with regard to vanadium and cobalt.

The important factor to note is this: For several key mineral commodities on which the United States national defense and economy function, we find that there are only two countries that supply all of the world with those particular commodities, the Soviet Union and South Africa.

If you take South Africa out of the equation——

The CHAIRMAN. Excuse me for a minute.

Can you hear in the back of the room?

VOICES. Yes.

The CHAIRMAN. OK.

Mr. WILSON. If you took South Africa out of the equation for some of these metals, the United States would have to depend upon the Soviet Union for our supplies.

There have been some recent developments that are also important. Since the passage of the Comprehensive Anti-Apartheid Act, the situation with regard to minerals dependency has begun to change. In the 15 months following passage, the number of imports from the CMEA, which is the Council of Mutual Economic Assistance, commonly known as the Soviet allies, have increased their average imports over a baseline period of 1981 to 1985.

These facts were provided by the Department of Commerce, which was mandated to submit this analysis by the 1986 sanctions bill.

The most significant increases in United States dependence have been in the following areas: Chrome ore, there has been a 500-percent increase from the Soviet Union; berasilicon, a 500-percent increase from the Soviet Union; antimony, a 5,000-percent increase from the Soviet Union; and rhodium, a 400-percent increase of their exports to our country since the passage of the first sanctions bill.

Now, it is important to note that the analysis on these numbers and these percent increases are not yet final. In some cases, we're talking about relatively small amounts, so a doubling of a small amount would seem very, very significant.

In conclusion, in my 7 years of advising the U.S. Government on strategic minerals I have had the opportunity to discuss some of these issues with some of the foremost experts in the country, many of whom served the country during metal shortages during World War II.

The issue of strategic metals is a complex one. For some metals there are substitutes from other countries for some uses. But for some metals for some uses, there are no alternatives to the Republic of South Africa.

It seems to us that responsible leaders should make sure that our actions do not cause these metals to become a hostage of some power that is adverse to the U.S. interest.

It is a sad state of affairs when the industrial community of the United States, which is dependent on these metals, tells me they are afraid to speak out because of the emotionalism of the South African debate.

Recently, the Bureau of Mines has estimated that a cutoff of these metals would cost the U.S. economy almost $2 billion per year, and that figure does not even taken into consideration the multiplier effect.

I am pleased to present this testimony. If you have any questions, I would be happy to answer them.

[The prepared statement of Mr. Wilson appears in the appendix.]

The Chairman. Thank you very much.

Your statement will be inserted in the record in full.

We next come to Mr. Joseph Newsome of the Rhode Island Divest Coalition, Providence, RI. I welcome you from my own State.

STATEMENT OF JOSEPH NEWSOME, RHODE ISLAND DIVEST COALITION

Mr. Newsome. Thank you, Mr. Chairman, members of the Senate Foreign Relations Committee.

My name is Joe Newsome. I am a citizen of the State of Rhode Island, cochairman of the Rhode Island Divest Coalition.

It is really quite hard to know where to begin. Much of what I testify to has been said over and over again. It has been said by many people, black and white, young and old, American as well as South African, for many, many years. But our collective voices now are much stronger and more persistent and more unified, I hope.

The African National Congress—ANC—has been championing the imperative to end apartheid since the year 1912. Nelson Mandela has ably led the cause for a free South Africa since his imprisonment over 25 years ago.

The late Chief Albert Luthuli, past president of the ANC and a Nobel Peace Prize Laureate, stood with Dr. Martin Luther King, Jr., also a Peace Prize recipient, in December 1962 to call for an end to United States economic collaboration with the South African regime. Chief Luthuli said then, 26 years ago:

> I appeal to South Africa's strongest allies, Britain and America, in the name of what we have come to believe Britain and America stand for. I appeal to those two powerful countries to take decisive action for full-scale sanctions that would facilitate the end of the hateful system of apartheid.

Both men are now dead, but we can still hear their message clearly.

It is important to listen also to the likes of Steve Biko, whose proud message of liberation rings as clear today as when he was murdered in detention in 1977 by South African police; to Anglican Archbishop Desmond Tutu; to the Rev. Allan Boesak and the Rev. Beyers Naude.

These have lent their own voices, often at great risk, to thousands of others in South Africa who now call for comprehensive economic sanctions at this point in their country's struggle for freedom.

The Congress of South African Trade Unions, COSATU, has also spoken with the collective voices of its members, those who labor to generate South Africa's wealth, who pour their own sweat and blood into the mines. Their message to us is clear as well.

Today I would like to add my voice, along with those of 26 other organizations in the State of Rhode Island, to a growing chorus of humanity calling for a free South Africa and comprehensive economic sanctions. The position being taken is supported by the 26 organizations printed in the testimony, and that includes 2 black South African families living in exile in our State, Senator.

In unity, we offer this testimony as citizens of the great State of Rhode Island, and we direct our sentiments especially to our very fine Senator, your esteemed chairman, Senator Pell.

Our purpose is to make known to you our resolve to see S. 2378 pass the U.S. Senate. We have studied this issue in our various organizations and have prayed earnestly in our churches that we might discern a truth which is consistent with the bold and liberating gospel of Jesus Christ.

In deciding what to say and how to say it, it was very clear to us that the expressed position of America and her citizens is important. It is no longer enough to simply declare that apartheid is abhorrent. Our country's actions speak much louder than its official rhetoric.

We believe with all of our hearts that God is saying to us and to those with economic and political authority, both here and in South Africa, to let these, His people, go.

But even should we choose to ignore that Word, it is still utter foolishness to ignore the strong historical forces for freedom and justice in the entire southern Africa region, especially given the well-documented United States dependence on strategic minerals in that region.

It will behoove our Government to side with the black majority while we still can, because they will eventually win their battle against the evil of apartheid.

Finally, apartheid is no less a sin against humanity than the horrendous, planned persecution and extermination of the Jews earlier in this century. We know that none of us in the United States would put up with, even for a single day, the humiliating treatment that the blacks of South Africa must endure for their entire lifetime.

We must begin to deal with this issue with the sense of urgency and righteous indignation it demands. We urge the passage of S. 2378 and petition this committee to do all in its power to implement the provisions of this bill and to do whatever it can to facilitate an end to apartheid in South Africa.

Thank you.

[The prepared statement of Mr. Newsome appears in the appendix.]

The CHAIRMAN. Thank you very much, Mr. Newsome.

Now we come to Mr. William Beattie, president of the Strategic Minerals Corp. in Danbury, CT. Mr. Beattie.

STATEMENT OF WILLIAM G. BEATTIE, PRESIDENT, STRATEGIC MINERALS CORP.

Mr. BEATTIE. Good morning, Mr. Chairman. I thank the committee for this opportunity to appear today on an issue that is vital to this country and my company, as well as our employees.

I have a written statement for the record and I will summarize my views in line with the time constraints.

The CHAIRMAN. Thank you. It will be inserted in the record in full.

Mr. BEATTIE. I am William G. Beattie, president of Strategic Minerals Corp., which is a major United States and South African producer of vanadium and a United States tungsten producer.

For the last 30 years, I have held various corporate positions in the strategic minerals industry. For the past 15 years, I have been involved with chromium and vanadium operations in the Republic of South Africa, during which time I lived in South Africa for 6 years, from 1974 through 1980, finally serving as regional director at Union Carbide Corp.

To me, apartheid is morally unacceptable. I believe our company's record as a signatory company has demonstrated our rejection of and opposition to any form of racial discrimination.

Based on my personal experience in South Africa there building new facilities and expanding job opportunities during the seventies, apartheid is highly vulnerable to economic weapons, such as jobs, training, and economic growth.

The economic empowerment of the black population through jobs and training is the uniquely moral and effective role that the United States can play in fighting apartheid. The focus of my remarks today will be: One, the crippling effect S. 2378 would have on the supply of strategic minerals to the United States; and second, the human risk S. 2378 represents to our employees, their families, and their communities.

First let me present three reasons why S. 2378 will cripple the U.S. strategic mineral supply position, causing major economic damage to our economy. It is generally recognized, as Mr. Wilson has pointed out, that the United States needs South African minerals. We simply have no other viable supply choice when it comes to minerals and metals, such as platinum, chromium, and vanadium, except in some cases the Soviet Union and its satellites.

Section 302(b) of S. 2378 reflects this dependency and provides for a strategic minerals exemption to the ban of imports from South Africa, but only under certain conditions. In other words, we will buy from South Africa only as a last resort, only when the then current President certifies it to be necessary, and only until a substitute is found.

The reaction of the South African producer to these conditional terms has already been to begin shifting their marketing efforts and supply commitments so as to concentrate on the Far East and on Europe.

In the long run, if S. 2378 becomes law the United States will become a nonstrategic opportunistic market for South Africa, resulting in mineral shortages, higher prices, plant shutdowns, and uncompetitive United States costs of production.

Second, the disinvestment provisions of section 301 of S. 2378 will force companies such as ourselves to withdraw and sever our links with South Africa. This eliminates the only good insurance against the type of market shift away from the United States which I just described.

For example, our company will increase vanadium imports into the United States from South Africa in 1988 in response to severe shortages in this country. Without our investment ownership role, we shall lose this important leverage on South African supplies, as will other United States companies in other strategic fields.

Finally, I believe S. 2378 exposes the United States to a major risk of retaliation by the South African Government, in which they can prohibit and or inhibit the flow of certain strategic minerals to the United States as a political response to enactment of S. 2378.

It can be readily demonstrated that South Africa can shut down the United States stainless steel industry in 60 days at a maximum annual cost to South Africa of less than 1 percent of its total export proceeds.

Finally, I would like to address the human risks that the disinvestment provisions of S. 2378 represent. Our employees have stated on several occasions that they want us to stay in South Africa.

They fear the loss of job benefits and opportunity that we have guaranteed them in our company bill of rights. In addition, there is no doubt in my mind, tracing the evolution of the role of U.S. companies over the past 15 years, that U.S. companies have played a unique leadership role in combating apartheid.

If U.S. companies were to disinvest, the loss of support for the black population in terms of financial and human resources would be substantial, totally counterproductive, and I feel cowardly.

In conclusion, S. 2378 poses a major threat to our strategic mineral position that is real and disruptive. In addition, it strikes at people who most need our economic skills and resources.

We must reject S. 2378 and create a positive vehicle to support black South Africans which utilizes what we Americans do best, economic development, and preempts economic chaos. I believe that vehicle to be the expanded United States economic involvement in South Africa.

Thank you.

[The prepared statement of Mr. Beattie appears in the appendix.]

The **Chairman**. Thank you very much.

We now come to Ms. Carol Bragg, field secretary of the American Friends Service Committee. Since the days of the Vietnam war, Ms. Bragg and I have found ourselves allies. In this case, as you know, I have an open mind and look forward to hearing from you, Ms. Bragg.

STATEMENT OF CAROL BRAGG, FIELD SECRETARY, AMERICAN FRIENDS SERVICE COMMITTEE

Ms. **Bragg**. Mr. Chairman, my name is Carol Bragg. I have worked as a staff person for the American Friends Service Committee in Rhode Island for the past 16 years. The American Friends Service Committee is a Quaker service and educational organization which addresses a wide variety of peace and justice issues, both in this country and abroad.

It is through firsthand experience in South Africa that the American Friends Service Committee has concluded that the United States and the global community should impose comprehensive and mandatory economic sanctions against the Government of South Africa.

There are political, economic, and military implications to sanctions, but the issue is ultimately, I believe, a moral one. Evil happens throughout the world, as we are painfully aware. But nowhere today is it so clearly entrenched, constitutionally, legally, politically, economically, and socially, as in the apartheid system of South Africa.

The Pretoria government unashamedly adheres to a policy of racial superiority not unlike that of the National Socialist Party of Adolf Hitler. The system of apartheid is inherently evil. It is an affront to the God of Love above and justice proclaimed by all of the world's major religions, and to the values we cherish as a nation.

There are moments in history when as individuals and as a nation, we are called upon to raise our voices against overwhelming injustice. Surely, one of those moments is upon us.

Bruno Bettelheim in his essay "The Holocaust—One Generation Later" describes the American contribution to the Holocaust as the sin of omission. Dare we remain silent now in the face of massive oppression and human suffering taking place in South Africa?

I personally feel the pain of having family by marriage who lost their lives in the Holocaust. Three years ago this month, I visited the memorial at Sachsenhausen and experienced the horror of what happened there, made even more horrible by the extent to which the world remained silent.

Also, as a white person, I feel the burden of the less-than-glorious aspects of our own Nation's history—the near annihilation of the Native Americans, the oppression of slavery, and the continuing discrimination against blacks, Hispanics, Native Americans, and other minorities in the political, economic, and social life of this country.

I am also moved by the urgent pleas for help coming from the religious community of South Africa. To me, their pleas are as voices calling out from the concentration camps.

For these reasons, I began a water-only fast on June 16, the anniversary of the Soweto uprising, which I hope to continue through July 4, our own Independence Day, as an expression of my personal anguish over the situation in southern Africa and my own failure to act on this issue sooner.

To me, there are Biblical analogies applicable to the situation in South Africa. It is 40 years now since the National Party, with its ideology of racial superiority, came to power. In many respects, the global community and especially the Western World has been wandering in the wilderness for 40 years on the issue of apartheid. Perhaps this is the year when we shall find our way out of that wilderness.

I also look at the vast riches of South Africa, the gold, the diamonds—symbols of the material wealth humanity has sought after for centuries; and the uranium, the gold of the nuclear age. They are all sitting there under the control of a government whose ideology is anathema to the world community. Surely, God must be testing us to see how much evil we are willing to tolerate in our pursuit of material things, just as the Devil tempted Jesus, promising him all the kingdoms of the world and the glory of them, if only Jesus would fall down and worship him.

In 1985, church leaders in South Africa issued the KAIROS document. "KAIROS" means the moment of truth, the moment of grace and opportunity, the favorable time in which God issues a challenge to decisive action. The South African church leaders spoke of the KAIROS or moment of truth for apartheid and for the South African church.

We must ask ourselves, is this not also the KAIROS, the moment of truth, for our Nation on the issue of South Africa?

We must ask ourselves, do we have the vision as a nation to really see the enormous suffering taking place in southern Africa?

We must ask ourselves, do we have the honesty as a nation to acknowledge that the primary obstacle to completely severing our economic ties with South Africa has to do with our own quest for material wealth?

We must ask ourselves, do we have the spiritual strength as a nation to choose what is morally right, at the possible expense of our own material well-being?

We must ask ourselves, do we have the courage as a nation to take the necessary action, total mandatory economic sanctions, with firm resolve and all due speed, in order to alleviate human suffering and hasten the day of freedom for all the peoples of South and southern Africa?

Thank you.

[The prepared statement of Ms. Bragg appears in the appendix.]

The CHAIRMAN. I thank you very much indeed, Ms. Bragg, and also congratulate you. Unlike so many of us who talk, you do.

As I said earlier, I have an open mind. I do not have an open mind about apartheid. It is an evil, dreadful, terrible system. It is a question of how best we can see it dismantled.

We now come to Mr. Bingham, who is the executive vice president of International Investors. I remember being a founding director of this company in the early fifties, mid-fifties. Since becoming Senator, I retired and now have no shares in your company, although I would be richer if I did.

STATEMENT OF HENRY J. BINGHAM, EXECUTIVE VICE PRESIDENT, INTERNATIONAL INVESTORS, INC.

Mr. BINGHAM. We would welcome you back some day as a shareholder, Mr. Chairman.

Mr. Chairman and members of the committee, I welcome this opportunity to express my views on the antiapartheid amendments of 1988.

International Investors is an open-end diversified investment management company, a mutual fund, concentrating in gold mining shares. My expertise is in this business and certainly not in foreign policy.

My firm and others like it administer about 25 American gold-oriented mutual funds, with more than 500,000 shareholders. In addition to their ownership of these shares, many other individual Americans own South African shares directly. A great number of these people, particularly in our fund, are retirees.

The bill before this committee would require American investors to sell their holdings of South African securities within 180 days of enactment. On behalf of my firm and these hundreds of thousands of Americans who would be hurt, I urge deletion of this provision.

First, I believe that restricting the freedom of American investors and penalizing them for past investment choices will not contribute to the advancement of reform in South Africa or to the legitimate goals of the South African black people.

Second, American shareholders would suffer large losses if they had to sell their shares within 6 months. They bought these shares in good faith for specific investment purposes and they have not violated any American law.

Third, I want you to know that I, too, oppose apartheid and I agree with those who believe that the United States should act responsibly to promote equal opportunities for all people of South Africa.

I also agree with the Washington Post and others who state that the American presence in South Africa has been a strong force for change in that country. Americans own South African gold mining shares for a variety of reasons. Generally, gold-related investments are perceived to offer protection against inflation and other forms of monetary and economic instability.

They often move countercyclically to the New York industrial share and bond markets. Thus, as part of an overall portfolio, they offer prudent diversification.

The present dollar value of South African stocks held by Americans is not possible to pinpoint, but a recent study concluded that there are approximately $5 billion of such shares, mostly gold mining stocks, owned by Americans at current market prices. At last year's highs, these shares were valued at over $10 billion.

At this time, an authoritative study by the Wharton Econometric Forecasting Associates is being undertaken to determine the impact on U.S. investors of the proposed legislation. It should be completed within 2 weeks, and I ask that when it is available it be included in the printed records of these hearings.

The CHAIRMAN. If it is in time and if we are able to do so, it will be done.

Mr. BINGHAM. These stocks are held by large numbers of people with relatively modest investments. At International Investors, the value of the average shareholder account is approximately $6,800 at current market prices. This fund has approximately 120,000 shareholders.

In a forced sale of these securities, individual American shareholders would be most seriously hurt. The required sales to foreigners would almost certainly drive the prices of these shares down to extremely low levels. If the bill as written is enacted, the value of these shares could fall by as much as 50 percent.

The bill would also have adverse effects on Federal revenues. An exact figure is not possible because the information is just not available, but given that caveat, the owners of these shares could have tax losses of approximately $1 billion.

There could be a revenue loss to the U.S. Treasury of $1 billion.

Mr. Chairman, of interest to the committee is the question of whether there would be any adverse effect on South Africa. We believe the answer is "No." On the contrary, foreign interests, including some South Africans, would be enriched as they purchased these shares at depressed prices during the period of American liquidation.

If there were $2.5 billion of American losses, that would mean a $2.5 billion transfer of wealth to foreigners, including South Africans, as these shares returned back to normal prices.

In summary, there is little or no justification for forcing Americans to take huge losses without compensation. This provision of the bill does not advance the goals of the bill. In reality, the provision is an anti-American investor provision, rather than antiapartheid.

Thank you.

[The prepared statement of Mr. Bingham appears in the appendix.]

The CHAIRMAN. Thank you, Mr. Bingham.

We will now go into a period of questioning. The 10-minute rule will apply.

I have one question in connection with gold. As I understand, about half the gold produced comes from South Africa, a quarter comes from the Soviet Union and another quarter worldwide. Is that roughly correct?

I guess Mr. Beattie would be the one to ask.

Mr. BEATTIE. I do not pretend to be an expert on gold, Mr. Chairman. I think that sounds like the right order of magnitude, but I would defer.

Mr. BINGHAM. The figures are approximately correct—45 percent approximately from South Africa.

The CHAIRMAN. I come from a State where half of the costume jewelry in America and some real jewelry is made. How much of that gold is used for jewelry purposes, dental purposes, and money purposes?

Mr. BINGHAM. It fluctuates, of course, from year to year. But on average, jewelry accounts for approximately 70 percent of the gold production and investment demand roughly 10 percent, and that does vary. And the rest would be taken up by dentistry and other industrial uses. So, it is only 20 percent for industry.

The CHAIRMAN. Seventy percent of the gold that comes into America is used in jewelry?

Mr. BINGHAM. I may have misunderstood you. Did you say America imported 45 percent of its gold? I thought you were talking about gold production, not importation.

The CHAIRMAN. No, I said production.

I would like to ask this to either Ms. Bragg or Mr. Newsome. What do you think would be the effect of the proposed sanctions legislation, if it was passed, on the situation in South Africa? What real impact would it have?

The United States accounts for only about 13 percent of South Africa's trade.

Mr. NEWSOME. First of all, I think what we are called on to do is to exercise a leadership position on the sanctions question, and that hopefully the other Western nations will follow suit.

The CHAIRMAN. Excuse me. As you know, so far they have all turned us down.

Mr. NEWSOME. I think that is in part because our position is not quite right yet, along with that of Great Britain. So, I think that is one element.

And the second is that the proposed sanctions would weaken the system of apartheid, would make it a little less viable, and may hasten its end. I do not believe that they are likely to work overnight. They probably will not work in 6 months or a year or maybe 2 years.

But certainly they will deprive that system of some of the economic benefit it has derived from our country and from the other Western countries.

Third, I think that sanctions will send a message, a very clear message, to the black majority in South Africa, who are increasingly calling for sanctions to be passed. It will send a message, a moral message, that we are with them in spirit.

And I think that is probably equally important as the other two reasons I stated.

The CHAIRMAN. Ms. Bragg, do you have anything you care to add?

Ms. B~~RAGG. I~~ think that there are no guarantees that sanctions would work in terms of dismantling apartheid. However, I do think that were we to impose sanctions they would bring a great deal of hope to the black population of South Africa.

And I would also point out that this country is willing to go to war without any guarantees that warfare will be effective. Economic sanctions, by comparison, are a relatively nonviolent measure. I would urge that this country adopt sanctions as one of the last remaining nonviolent actions available.

The **Chairman**. What percentage of South Africa's—let me put it another way. How much does the United States spend annually on strategic minerals from South Africa as of now? Mr. Beattie?

Mr. **Beattie**. In terms of chromium and ferrochromium, Senator Pell, roughly 75 percent of the United States chromium requirements are imported, and roughly 75 percent of those imports come from South Africa.

The **Chairman**. But what does that mean in dollars?

Mr. **Beattie**. In dollars, we are talking about relatively small numbers. It is somewhere less than maybe $150 million. That is probably a good estimate of that import figure.

The **Chairman**. And what percentage of South Africa's worldwide sales would that be?

Mr. **Beattie**. In terms of total export proceeds, including gold, you are probably talking about $20 billion being the South African total export proceeds. We are talking something less than 1 percent of South African exports would be associated with exports of ferrochrome to the United States.

The **Chairman**. But my point was, just do not limit it to that one metal. What would be the percentage of the total number of metals that are exported from South Africa, of worldwide sales?

Mr. **Beattie**. Well, even I think the significant point, Mr. Chairman, is that if you look at the three elements that are probably most critical to the United States steel industry, chromium, manganese, and vanadium, and you want to assess its impact on the United States steel industry, if you took the total of those three metals being imported into the United States, they are still less than 1 percent of that $20 billion in export proceeds that the South African economy depends upon.

The **Chairman**. I seem to be unable to get through. The United States is itself spending a certain amount of money, not only on strategic minerals, but on metals, and my question to you is what is the total amount of minerals that we buy from South Africa each year, not just those three strategic ones?

Mr. **Beattie**. I believe if you include platinum and you include the entire range, I believe it is something in the neighborhood of over $1 billion.

The **Chairman**. And what percentage of South Africa's exports is that?

Mr. **Beattie**. That is 5 percent. But I think the important thing is that South Africa, recognizing the leverage that they have on chrome, manganese, and vanadium, and the importance of platinum from the standpoint of export proceeds, would allow the platinum to flow and would focus upon those in which we are most vulnerable.

The **Chairman**. I have no further questions at this time. I turn to the ranking minority member, Senator Helms.

Senator **Helms**. Thank you, Mr. Chairman.

Just for the record, go down the list of vanadium, platinum, chrome, and state what purpose these minerals are used for, their value to us, for example? Do you understand what I am saying?

Mr. **Beattie**. Yes, sir.

Senator **Helms**. I do not think a lot of people understand that in this case we need South Africa a lot worse than they need us.

Mr. **Beattie**. Well, the platinum group metals, roughly 40 to 50 percent of the platinum group metals that are imported into this country go into catalytic converters for the automotive industry.

The balance or a large percentage of the balance would go into catalytic applications in the chemical processing industry.

Ferrochromium or chromium, nearly all of that would go into the stainless steel industry. Without stainless steel—the durable goods industry is dependent on stainless steel for corrosion resistant applications. The military-defense complex simply is inoperable without stainless steel.

Manganese, roughly 10 points of manganese is required for every ton of steel that is produced. Without manganese, there is no steel production. And 100 percent of the U.S. manganese requirements are imported from various world sources.

Titanium. Titanium is used in the titanium metal industry, aircraft, jet engine parts. Titanium is basic to both those industries.

Senator **Helms**. You made exactly the point I wanted to make.

Let us take chrome, for example. If we do not buy chrome from South Africa, from whom do we buy it?

Mr. **Beattie**. Well, your choices are reasonably limited. The Soviet Union would be the second major source, but most of their chromium units at this point in time are consumed within the COMECON countries.

India is a chromium producer. Brazil to some points, Zimbabwe. But South Africa has over 84 percent of the world reserves of chromium. It is obvious that they have the economic dominance in the chromium business.

Senator **Helms**. What is the price variation between what South Africa charges for chrome and the Soviet Union charges for chrome?

Mr. **Beattie**. I cannot answer that, Senator Helms.

Senator **Helms**. Have they doubled the price?

Mr. **Beattie**. That certainly has been the experience if you go back to the Rhodesian sanction days. The Russian material increased in price considerably. But there is just no ferrochrome that comes in from Russia at this point in time.

Senator **Helms**. Mr. Bingham, if you covered this before I got here—I was tied up on the floor, Mr. Chairman, on the Senate floor. I have to explain.

Senator **Simon**. You were speaking for the plant closing bill.

Senator **Helms**. We had a caller not long ago and they said that they would like to speak to Senator Helms. He is on the floor. Well, what is he doing there? You know, they do not understand that you mean the Senate chamber.

Did you see the Wall Street Journal article the other day indicating that several States have reported a heavy cost that would be incurred by the pension plans of the States in selling South African securities?

As I understand it, these costs would occur both through transaction costs of selling South African stocks and buying replacements, and through lower earnings. Did you discuss that earlier?

Mr. **Bingham**. No, we did not discuss the role of the pension funds. And of course, I think in that case we are talking more about divesting from American companies who are still doing business in South Africa. So, for those companies, there is a broad market.

And I believe at least at present—I am not certain under the terms of this bill—that the pension funds would not be forced to divest within a certain timeframe. The provision of this bill that we are dealing with would require us to divest ourselves of South African corporations within a certain timeframe, 6 months, 180 days.

Under that scenario, we are almost bound to suffer huge losses because the potential buyers know that you are forced to sell and they know you represent a significant portion of the market. So, the bids would be quite low.

Senator HELMS. Well, as I recall, the Dellums bill would require U.S. citizens to divest themselves of the stock, and of course we are talking about what it would cost in transaction costs.

Mr. BINGHAM. Well, there would be a transaction cost. But I think the transaction costs would be minor compared to the market loss because of the knowledge of the potential buyers that the seller was under compulsion to sell. Of course, transaction costs would add to that cost.

Senator HELMS. Well, in any case, somebody would end up owning the securities. What impact would that have on South Africa?

Mr. BINGHAM. Well, in my opinion, Senator Helms, this provision of the bill would be like sending a gift to South Africa, because they would be in a position to reacquire the shares of their own companies at very low cost. It would be a transfer of wealth from Americans to South Africans.

Eventually the shares would go back to normal. There is a pool of money in the world that wants gold shares, and we will buy North America and others will buy South Africa, and the shares will seek their own level.

In addition to that, this will save South Africa on foreign exchange. Any shares returning to South Africa means South Africa does not require foreign exchange to pay dividends on these shares. And these shares pay substantial dividends.

So, it would be a windfall to South Africa to maintain this provision.

Senator HELMS. You and I have not discussed this, have we? I saw a number of folks at the press table grinning like this was a setup job.

Mr. BINGHAM. No, sir, we have never met before. We have not spoken on the phone either, sir, or had any written communication.

Senator HELMS. But you have stated a folly in this kind of thing. If I ever heard of shooting yourself in the foot, this is what this kind of legislation will do.

Now, Mr. Beattie, again I did meet with you.

Mr. BEATTIE. I also wear Brooks Brothers suits, so it is an offset.

Senator HELMS. I have no objection to Brooks Brothers suits. Just so that you do not recommend that you sit over here and advocate the destruction of jobs in South Africa, as Randall Robinson does.

He is very pious about demanding that they suffer and die and starve and be out of work, but he comes up here and sits in his

Brooks Brothers suit. And I wish he would take it off and go over there and join them and show what sacrifice he is willing to pay.

But when we talked the other day, you mentioned that Mrs. Beattie had been affected by sanctions. Do you remember that?

Mr. BEATTIE. Yes, sir.

Senator HELMS. And it involves, as I recall, the prohibition on the importing of South African tapestries made by black people. Now, I had understood that she had imported a substantial amount of tapestry; is that correct?

Mr. BEATTIE. Well, yes. Our relationship with the mission goes back to our days when we lived in South Africa, and they make very fine tapestry in a Catholic mission 5 miles from where we built our ferrochrome operation. And my wife in a very small way has been importing tapestries, as well as baskets, from this mission for almost 8 years.

And as a consequence of the 1986 CAAA and the ban on textiles, the tapestry importation was ended. We were in South Africa in July and we went to the mission and were forced to explain, or at least to attempt to explain, how our sanctions actions versus that at that mission in the Burgerbord in the eastern Transvaal was helping the situation for the black South Africans.

And frankly, it was an impossible task. But I think it just reflects the difficulty of this type of approach in solving the problem.

Senator HELMS. They did not dance a jig and say, "Hurray, we do not get to sell you anything, we do not get to work, and we do not get to manufacture."

You see the folly of it. The very people who, all of these pious, platitudinous people, say they want to help, they are hurting very badly.

And I do hope—I registered the suggestion yesterday that every Senator, certainly every member of this committee, go to South Africa and spend some time there, as I did, on an independent travel around the country—and you can do it; I did it for 8 days—and talk to the people who are most directly affected, and ask them.

Ask them if they want these sanctions. I talked to the leaders of every opposition political party over there, the blacks I talked to. I spent a great 2 or 3 hours with the mayor of Soweto.

I talked to miners and farmers and all the rest of them, black, and I did not find one person who was in favor of sanctions. Maybe Bishop Tutu can find two or three, but I did not find any.

My time is up. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Helms.

Senator Simon.

Senator SIMON. Thank you, Mr. Chairman.

If I may speak on behalf of these pious, platitudinous people here, Senator Helms, who favor some change——

The CHAIRMAN. I hate to interrupt, but I am wearing a Brooks Brothers suit, too.

Senator HELMS. I got mine off the rack in some discount store. [Laughter.]

Senator SIMON. It has been my observation that those who visit South Africa who are opposed to the present policies come back not changed and those who go down thinking the present policies are right come back unchanged.

But a couple of comments and then a few questions. First, I think Ms. Bragg hit on something that is significant. If foreign policy requires that people in other countries shed blood, we seem to be pretty ready to accept those policies, whether it is providing weapons in Central America or whatever it is.

If policies require us to sacrifice a little bit economically right here in this country, then we are significantly more reluctant to accept those policies.

And in response to your question, Mr. Chairman, I do not think anyone can guarantee that sanctions are going to work. I think what we can guarantee is that if we continue the present policies, the evidence is overwhelming we are headed toward a massive bloodbath in South Africa.

If I may, Mr. Bingham, direct a question specifically at you on gold. I can understand if you represented coal that you might have a problem, though frankly there is no way we can solve this problem without having some harm. But coal is a product that is very difficult to ship first to Switzerland and then to the United States or that kind of double shipment becomes very, very difficult.

In the case of diamonds and gold, frankly, it is very easy to ship that to Switzerland or someplace and then to the United States. So that my guess is the impact of sanctions on gold and diamonds is going to be almost nil. I am for it just as a matter of principle, but as far as its practical implication, I think it will be negligible.

Now, what is wrong with my thinking, Mr. Bingham?

Mr. BINGHAM. I am not certain there is anything wrong with it. Gold, for instance, sanctions—this is really out of my field—but sanctions on gold probably would do no good because gold is a fungible product. Once it gets into the market, no one knows its source.

We will consume our own gold. If we need other gold, we can go to Canada and somebody else will buy the South African gold. It would not matter.

But we do not represent the gold industry, or I do not represent the gold industry. I am representing investors who have chosen to invest in gold mining stocks for a particular purpose, and they have chosen our fund, which invests partially in South African gold stocks, also for certain reasons.

They freely chose that, and I am urging that their right to invest in these shares not be abridged, mainly because it will have no effect on South Africa. It will have no adverse effect on South Africa. It will not contribute to the cause of this bill, the purpose of this bill.

Senator SIMON. Well, I guess I do not see any reason for the exemption. But I do not think your investors are going to get hurt in the process. At least I do not see that.

Now, let me ask you—and I understand the forced sale part of it. What if we were to say, in addition to the provision for sale in 180 days—and I talked to, frankly, one of the witnesses yesterday or earlier about a major American corporation.

He said, "I am concerned about how we might agree to a sale of *x* millions of dollars of something, and then 3 days before that 180 days comes up they will say, 'Well, OK, we will go ahead with the deal, but you have got to knock the price down $10 million.' It would be a gift of $10 million to South Africa."

What if we were to say, "In addition to the 180 days, you have to sell by 180 days, but if you are unable to find a decent price then we would simply use the profits of that for any extension until a sale can be consummated for scholarships for black South Africans to go to schools in the United States or elsewhere?"

So, you are protected and you do not have to have a fire sale.

Mr. **BINGHAM**. Senator, we are not talking about selling a product, where there is an arm's-length transaction between two parties. This is the securities business. There are a myriad of buyers around the world. These myriad of buyers will know that we are under the requirement to sell, and we cannot negotiate with them and say, "Well, we will do it at 10 percent under the market or 10 percent above the market."

It is just part of the general market, and the bids—I think the bids will just collapse when these other participants in the market know that a major participant, roughly we think 14 percent of the market, is forced to sell.

You know, if I could make a comment, even during World War II Americans were not compelled to sell their German ADR's, American Depository Receipts, which are receipts for shares of German companies, even though these shares were traded in Switzerland and could have been sold.

And I think one of the reasons we were not compelled to sell them was that such a sale would have enriched the Germans. They would have bought back these shares, which are certificates of ownership of property, really—that is what they are—at very low prices. And Americans would have been impoverished or they would have had their wealth substantially reduced by the forced sale of these at low prices.

Senator **SIMON**. OK, you are a creative man, Mr. Bingham. Let me ask you to do this. It does not need to be for the record, but you send me a letter which I will circulate to my colleagues in the committee. You figure out how we can move in this direction.

Whether it happens in this session of Congress, I do not know, but I think we are headed in the next session of Congress, whether it is a Bush administration or a Dukakis administration, I think we are headed down this road.

You figure out a way that we can move in this direction, but at the same time not just hand a gift to others who may want to take advantage of the situation in the securities market, either securities or sale of corporations and in other ways.

Mr. **BINGHAM**. By moving in this direction, you mean in the direction, Senator——

Senator **SIMON**. Of disinvestment.

Mr. **BINGHAM** [continuing]. Of divestment by American shareholders of securities in South African companies?

Senator **SIMON**. That is correct.

Mr. **BINGHAM**. Well, we of course oppose in principle any movement in that direction. We frankly feel it is unconstitutional.

Senator **SIMON**. I understand that. But you have my request.

All right, I want to protect those shareholders. All right.

Mr. Beattie, let me ask, you said you lived in South Africa for 6 years.

Mr. **Beattie**. Yes, sir.

Senator **Simon**. What do we do to see that change comes about? Our previous policies were not working. There is no question about it. And it is not just Bishop Tutu, as my friend Senator Helms said. It is, for example, Archbishop Hurley, the distinguished Roman Catholic prelate there, who is very pessimistic about the future of South Africa if the United States does not use its economic muscle.

How do we bring about change if we do not pass something like this?

Mr. **Beattie**. Well, just using my own experience in those 6 years that I did serve in South Africa, Senator Simon, I think what I saw as being the major factor in terms of change was the economic activity level in South Africa. Let me just give you two examples if I may.

I see the light is on, but if I may just make a comment.

Senator **Simon**. That is the yellow light for me, not for you.

Mr. **Beattie**. Thank you.

When we first went over there in 1974, we built a ferrochrome smelter that cost us about $50 million, and I had the pleasure of hiring 500 employees, black employees, from the eastern Transvaal, 500 people that up until then had really very little prospect for employment, very little prospect for a stable family life, certainly no prospect for decent housing.

We had the privilege, as I look upon it today, of providing those benefits and those opportunities for those 500 people.

I go back to Steelport, a little community, 15 years later and I see what has happened. Homes that everyone said would be in disrepair and unappreciated are as good today as they were 15 years ago. There are families who have educated their kids.

Schools have been built. A hospital has been built. New roads have been built. And these people are proud employees of a major ferrochrome facility.

And I think that is reflective of what can be done if we provide the opportunities. On my last visit to South Africa in April, I visited three townships, black townships, two of them with friends.

The Little Rotanda Township which is southeast of Johannesburg, depends upon the coal mines for employment. It is a total disaster—people unemployed, people just sitting around hoping that their circumstances will be improved, somehow, some way—unemployed directly as a result of the 1986 sanctions act.

I then went up to Mamelote as a guest of the Get Ahead Foundation, of which Bishop Tutu is president, and had the most exciting 3 hours. And I would recommend this to anyone—3 hours of touring the Mamelote Township in the northern Pretoria area, visiting blacks who were in the entrepreneurial community.

One gentleman who was a printer, another one who has started a dressmaking school with 300 students. These people, their message to me was very loud and clear: Do not increase the level of sanctions; give us some help; let us have an opportunity to exploit the changes that have taken place, as small as they may be.

But with the changes and the opportunities for black businessmen and women, there are opportunities for blacks to take on themselves a lot of the concerns that are economic, but are the beginning point for people to establish control of their own future.

And I would just suggest that in the era of economic empowerment, of providing the funds for health and providing the opportunities for jobs, development, the tremendous opportunity for this country.

I agree with you that we have not done enough and we have not done the right things. But there is a tremendous opportunity, a tremendous entrepreneurial spirit in black South Africa that is just waiting to be tapped. And I would suggest if we are looking for a way to improve the situation, that we tap this tremendous resource.

And getting back to one last point, on the survey data that were debated back and forth yesterday, I am not an expert on surveys, but the survey I conduct every time I go to South Africa in talking to our employees, friends of 15 years, people on the street, people that I have contact with, 70 to 75 percent of the black population totally rejects disinvestment.

Thank you.

Senator SIMON. Thank you.

The CHAIRMAN. Thank you very much.

Senator Pressler.

Senator PRESSLER. Thank you very much.

If some of these questions have been asked, please tell me. I apologize, I have various committees meeting at the same time, but I do want to dig a little bit into the price history for chromium and vanadium since the sanctions legislation took effect in 1986.

I think maybe Mr. Beattie could answer that. What are the price trends in the past 6 months and what has happened to the prices since the sanctions of 1986 took effect, and did they have any effecton prices?

Mr. BEATTIE. Well, I think the sanction bill of 1986, Senator Pressler, has had some impact on the strategic minerals industry. But the tremendous escalation in pricing that has taken place in the chromium and vanadian markets I believe reflects the shortage of chromium and the shortage of vanadium that exists as a result of just a healthy world economy, and certainly a much healthier U.S. steel industry.

In terms of pricing information, the price of chromium, for instance, increased 30 percent during the first 6 months of this year. There will be another roughly 15 percent increase in the third quarter. So, I think you are looking at prices that have increased roughly 50 percent in this basic commodity for stainless steel production.

The price of vanadium on an annualized basis is also up 50 percent. But it is really a supply-demand phenomenon.

Senator PRESSLER. And it really has not much to do with the sanctions of 1986?

Mr. BEATTIE. That is right, sir.

Senator PRESSLER. Now, are there economic substitutions available for most strategic minerals?

Mr. BEATTIE. Certainly not that I am aware of. And it is many years ago that I went to school as a metallurgist, but I do not believe the alchemists have taken over.

Chromium is certainly unsubstitutable for making steel stainless. Platinum is unique. Vanadium is unique in most of its respects.

Senator **Pressler**. Now, in trying to study the Dellums sanctions bill that is over in the House, as I understand it, we would still be able to import strategic materials. It excepts those that are essential for the economy or the defense of the United States.

Now, in your judgment which ones would those be?

Mr. **Beattie**. Well, I would think at this point in time it would certainly include the 10 minerals and metals that have been defined and certified by President Reagan as being critical.

As I pointed out in my statement, though, just the conditions that are built into the bill create the uncertainty that creates the problem in terms of the reliability under those circumstances.

Senator **Pressler**. But what is the logic of exempting certain companies from sanctions or disinvestment, just because their products are strategic materials?

Are we saying we will accept apartheid-produced materials if they are essential to our economy? Maybe there are no advocates of the Dellums bill here on the panel. What is the logic of that exemption?

Mr. **Beattie**. Well, I am not an advocate of the Dellums bill.

Senator **Pressler**. Are there any advocates of the Dellums bill?

Mr. **Newsome**. I am an advocate of the bill, but I do not see any logic in exempting those companies in particular.

Senator **Pressler**. Then you would be against the Dellums bill, because it says—it provides that strategic materials may be exported to the United States only if they are essential to the economy or the defense of the United States.

It seems to me as though we are saying anything that we consider essential we are excepting to be purchased there; is that correct?

Mr. **Newsome**. I think that is correct, a correct interpretation of the bill. I perhaps am at the extreme of seeing South Africa as a moral question as opposed to an economic question.

And I am sure, given the process by which bills are authored, that the exemption clause was probably put in there because right now there is some U.S. dependence on these metals, and it probably makes the bill a lot more palatable in the House and probably in the Senate.

But I would not exempt anything. Even so, I am still an advocate of the Dellums-Cranston-Kennedy bill. It is a much stronger bill than we have currently.

Senator **Pressler**. OK.

Let me ask some more questions about the area of the markets. I might ask Mr. Beattie again. Why did your company enter the South African market, knowing the United States political climate toward South Africa?

Mr. **Beattie**. That is probably a very good question our shareholders might ask us, Senator.

Being in the mining business, one does not easily dictate where one does business. We are in the vanadium business. We are the largest producer in the United States. When we purchased our assets from Union Carbide Corp., the vanadium business was described as South Africa and the United States. They fit together.

The facilities in the United States have been designed to process South African feedstocks. So, we really did not have much choice. But I guess if I were to do it all over again, I still believe that the South African operation is an important part of the strategic mineral supply of the United States and an important part of our corporation.

Senator **Pressler**. Does your company desire to increase investment in South Africa if not prohibited from doing so by the 1986 legislation?

Mr. **Beattie**. We would certainly consider it. We are operating at capacity and we would look upon it as a very fine business opportunity.

Senator **Pressler**. Tell me, give me some specific examples of your experience in participating in the Sullivan principles in South Africa?

Mr. **Beattie**. Yes, sir. We have been from the times of Union Carbide one of the original signatories of the Sullivan program. We purchased these assets in 1986 and elected freely to continue our association with the then-Sullivan program.

We spent about 800,000 rand in various social responsibility activities. For example, we built a library in one of the black townships close to our plant. During the past 12 months, we have adopted 11 schools. We support a black student in a chemical engineering curriculum at one of the universities.

We have established a dressmaking facility within our office complex in Britts where the plant is located. And the local population comes to that facility and is instructed in dressmaking.

There is a long list of things that we do for the community and the people that live there.

Senator **Pressler**. It sounds to me like your company is a very positive influence in the area you are in.

Mr. **Beattie**. We believe we are.

Senator **Pressler**. Now, Mr. Bingham, I think you said that there are over half a million stockholders of South African companies in the United States. Advocates of sanctions believe it is justifiable for these people to bear the costs, as they put it, for this legislation. How do you respond to that?

Mr. **Bingham**. I am sorry, I did not hear the last part of the question, Senator.

Senator **Pressler**. OK. Advocates of sanctions believe it is justifiable for these people to bear the costs, as they put it.

Mr. **Bingham**. Well, in this instance the cost that they would bear would not contribute to the purpose of the bill. There would be no harm to South Africa or to the South African Government by the inclusion of this provision.

It would just mean a driving down of the prices of the shares of the securities, which would be purchased at very low levels by South Africans and others, but some would flow into South Africa. So, in effect we would be sending a gift to South Africa.

They would be reacquiring their own property at much lower prices. We see that it serves no purpose. It is not an action against South Africa. It is an action against basically a small number of American citizens when you think in the context of the country.

Senator **Pressler**. And the companies are resold to South African companies, which do not practice the Sullivan principles, at a lower price; is that correct?

Mr. **Bingham**. If we buy and sell securities, we do not know from whom we are buying or selling the securities. We deal through brokers. Some of them may flow into South Africa. When we buy some, some may come from South Africa.

They would be going to South African institutions, individuals. Perhaps the great South African mining houses would be buying back some of the stocks of their own companies at bargain levels. They would be greatly enriched by this provision of the bill.

Senator **Pressler**. Thank you.

I see I have a red light.

The **Chairman**. Thank you very much.

Senator Murkowski.

Senator **Murkowski**. Thank you, Mr. Chairman.

We have seen the compilation of strategic minerals as certified under the section, I think it is, 303 of the Comprehensive Anti-Apartheid Act. And we seem to conclude that these strategic minerals to a large degree are only available in various parts of Africa and particularly South Africa or the Soviet Union.

And those of us in Alaska and Canada are aware of substantial deposits of strategic minerals that are not being developed. Among them are antimony. It is my understanding nearly 25 percent of our consumption comes from South Africa.

Yet, we have substantial reserves, estimated at 8,000 metric tons, on the Canadian-United States border, on the Yukon River in Alaska.

Our chromium imports, I understand 61 percent come from South Africa. We have proven domestic chromite reserves of 25.4 million metric tons at Red Mountain in Alaska.

Cobalt, manganese, platinum—45 percent of our platinum comes from South Africa. We have domestic resources estimated at 30 million proven ounces on the Kuskaquin.

Vanadium. I just wonder, Mr. Chairman, as we reflect on the merits of the sanctions and the strategic minerals that we must have for our own security, are we satisfied that we have realistically exhausted our own domestic sources or are we just simply addressing an economic situation where it is much cheaper to get them from South Africa?

They are in production in South Africa, as opposed to initiating exploration and development of our own domestic reserves, which would cost, obviously, more to bring on line.

And is that indeed the excuse we are using for the necessity of relying on either South African sources or sources within the Soviet Union?

I guess perhaps Mr. Wilson or Mr. Beattie would be the appropriate ones to respond to that.

Mr. **Wilson**. For some of those metals, unfortunately, there are only a couple of sources of supply, essentially South Africa and the Soviet Union. But when you talk about strategic minerals in general, though, there are a couple of other alternatives.

One is that we not lock up all of the domestic U.S. lands that might contain these minerals and prevent exploration there, which for many good reasons and good arguments over the years the Government of the United States has chosen to do.

Your State has known reserves of some of these minerals and probably unknown reserves of some of these minerals. Part of the problem is, though, that our mining companies are prohibited from exploring and searching out those minerals.

Senator MURKOWSKI. I would differ from that general conclusion. There are many areas that deposits have been worked in the past, particularly in platinum and cobalt and chromium.

And it is simply a matter of economics. As long as we can get it from South Africa cheaper or the Soviet Union, we are going to do it, and there is not going to be an incentive necessarily to go ahead with the development of our own domestic.

That is the point I am trying to make. I do not think it is enough to say, well, these are in restricted areas or they are in wilderness areas or scenic rivers, because they are not.

Some of them are, but not all of them. Most of them are not.

Mr. WILSON. The problem with dealing—I agree with you, it is hard to say which deposits may have which minerals, and you cannot make broad general statements. A couple of other backups, though.

One is the national strategic stockpile, and I am sorry to say, but the administration since 1985 has been driven by an OMB report to try to sell off 96 percent of our domestic stockpiles of some of these very minerals that we get from only two places, the Soviet Union or South Africa. Something has got to happen there.

But I think part of the problem with this particular bill and, as Senator Pressler mentioned a few minutes ago, the Dellums bill in the House, there seems to be in this debate, which I have worked on for the last few years, an insensitivity to the U.S. interests in this regard.

It was always my opinion that the No. 1 function of the U.S. Government was to protect the interests of U.S. citizens. And I am not for a moment being an apologist for the policies in South Africa.

But for years we have worked on reports and studies and submitted them to Congress which show millions of U.S. jobs that could be at stake if a cutoff of these minerals occurred, severe economic damage to our own economy. And for the most part, those reports have gone ignored in both the House and the Senate.

Just a few months ago, the Bureau of Mines in the Department of the Interior issued a report that said a cutoff of these minerals would cost this economy $2 billion a year, and that is not even including multipliers. So, it is a complex subject.

Greater exploration ability is one answer. Perhaps a larger stockpile is one answer. But I think we have got to be careful that we do not shoot ourselves in the foot during the process.

Senator MURKOWSKI. But that still begs the question of why we do not have incentives to open up domestic stockpiles or domestic reserves or encourage domestic sources to produce.

It is economics. They are not going to produce it for the market simply because of the price structure. We went in 1986 when we were contemplating the first sanctions, and this committee—I think the vote was 10 to 4—initiated a request requiring a report on the extent to which United States dependence on strategic minerals from South Africa could be alleviated by addressing domestic sources.

And as far as I know, that report is still in the process of being developed, 2 years later. So, obviously, if that is the case, there is not much of an effort to expedite the process.

Here we are contemplating the merits of more stringent sanctions, trying to justify our own dependence on strategic minerals from the standpoint of our national security interests, and what our domestic sources are does not seem to have much interest to anybody or anything.

You know, if we want to pay the price of developing domestic sources, those that you have, the private sector will develop them. The Government has got to make that decision.

Mr. BEATTIE. May I just add a point, Senator Murkowski? I have worked on both sides of the equation. I have made ferrochrome in the United States and I have made ferrochrome in South Africa.

We have subsequently thought about what are the economics of doing something like this in North America. South Africa has an enormous economic advantage on the production of ferrochrome, so there is a tremendous cost advantage for any private investor to invest the quantities of money required to replace the South African ferrochrome industry, for instance.

It would be a tremendous amount of money at great risk, and I would say unless there was Government guarantees, tremendous, if not totally, Government support of the program, it would be very difficult for an investor to entertain a project of that size or with that risk, because the South Africans—the politics could change or the South Africans could dump the material on the world marketplace, and our customers would be in an uneconomic situation.

Senator MURKOWSKI. I will conclude my questioning, but I just want to remind the witnesses of the reality. You know, when we consider this issue before us of apartheid, it is not an economic consideration, it is a moral consideration. We are putting aside the monetary realities for a moral principle.

So, we are either going to be consistent or we are not.

The CHAIRMAN. Thank you very much indeed.

I think we should be moving on to the next panel. I would like to leave the record open for any additional questions that may be submitted by any members of the committee to the panel for written answers, and specifically Senator Sanford has asked that some questions be directed at Mr. Bingham.

And I would also ask Mr. Bingham to submit a written answer to a query of mine as to whether the imposition of sanctions would have any adverse effect on the world price of gold. Let me have a paragraph or two.

I thank all of you gentlemen for being with us, and we will now proceed to Dr. Allan Mendelowitz, who is the Senior Associate Director of the National Security and International Affairs Division of the GAO.

Dr. Mendelowitz, we have your statement. We have already had a chance to glance at it. As you know, we are limiting the witnesses to 5 minutes so that we can ask questions. And we have another panel after you.

STATEMENT OF DR. ALLAN I. MENDELOWITZ, SENIOR ASSOCIATE DIRECTOR, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION, GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY, STEVEN STERNLIEB, PROJECT DIRECTOR ON EXPORT CONTROLS AND TRADE SANCTIONS, GAO, AND IVAN ELAND, PROJECT MANAGER, SOUTH AFRICAN SANCTIONS, GAO

Dr. Mendelowitz. Fine. I would be happy to read a shortened statement.

The Chairman. Be sure to introduce your colleagues, too.

Dr. Mendelowitz. I certainly will.

I will be happy to read a shortened statement and submit the full statement for the record.

I would like to introduce on my right, Mr. Steve Sternlieb, who is the project director for our work on export controls and trade sanctions; and on my left, Mr. Ivan Eland, who is the project manager on the assignment dealing with South African sanctions.

We appreciate the opportunity to discuss the results of our work involving South Africa. At the request of Senators Kennedy and Weicker, we have been examining trade with South Africa and changes in that trade over the past 5 years, public and private credit available, and changes in the availability, the status of United States disinvestment and how it has been implemented, and United States dependence on South African strategic minerals.

We have issued two interim reports on our work, one on trade, credit——

The Chairman. Excuse me.

Can you hear in the back of the room?

Voices. No.

The Chairman. Talk a little louder.

Dr. Mendelowitz. One on trade, credit, and disinvestment and one on strategic minerals. My statement for the record summarizes information from those reports. I would like to focus my oral comments on additional information on South Africa's trade that we have subsequently developed. We plan to issue a more indepth report at a later date.

In recent years, South Africa has stopped publishing specific data on its trade with individual countries and, because of a long history of economic sanctions, its data prior to the suspension might not be accurate. Therefore, in our work we have used data provided by South Africa's trading partners to multilateral organizations, such as the United Nations and the IMF. While these data are likely to be imperfect, they are considered the best available.

Since 1982, South Africa's trade with the 24 countries that have reported consistently to the IMF remains concentrated with six major industrialized nations—the United States, the United Kingdom, West Germany, France, Italy, and Japan. In 1982, these six major partners supplied 84 percent of South Africa's imports and took 84 percent of its exports. In the first half of 1987, the major partners supplied 82 percent of the imports and purchased 81 percent of the exports.

Some shifting of market share occurred within the block of six nations. For ~~example~~, the United States and the United Kingdom decreased their shares of both imports and exports, while Japan increased its share.

In addition to examining total trade, we are also analyzing data on trade in products under U.S. sanction. I should note that changes in trade are the result of many factors, not just U.S. sanctions. Changes in trade may be the result of formal sanctions, informal restraints by nations, voluntary actions by the business community, market forces, or a combination of these factors. However, trends of industrialized and newly industrializing countries' imports from South Africa help in attempting to assess the effect of United States and other nations' sanctions.

U.N. data on South African exports to 20 industrialized and newly industrializing countries representing the market for more than 96 percent of South Africa's exports show that for the first three-quarters of 1987 South Africa's total exports of commodities under U.S. sanctions have declined. South Africa has not been able to replace its former exports to the United States of goods under U.S. sanction by redirecting trade to the other 19 countries and has suffered further losses in exports to these countries as well. During this time, we estimate United States sanctions cut South Africa's exports by about $417 million.

South Africa was not only unable to recover these losses by redirecting trade to the other 19 countries, but lost additional trade in these markets, resulting in a total trade reduction in goods under sanction of $624 million. In markets where South Africa lost exports, the losses appear to be caused, at least in part, by nations making efforts to reduce imports from South Africa.

Although an overall decline in exports to these markets occurred, South Africa's ability to redirect exports varied from product to product. For coal, uranium, and iron and steel, South Africa was not able to redirect exports lost as a result of United States sanctions. An apparent effort by others to reduce trade in these products with South Africa helped prevent South Africa from finding new markets.

South Africa's losses in textile exports from United States sanctions were made up in part by textile exports to other countries. And only in agricultural products was South Africa able to offset losses from United States sanctions and actually increase its total exports. However, while other countries increased their imports from South Africa, the increase was still less than the increase in their imports from the rest of the world.

To explore further the possible causes of the effect of the sanctions, we looked at the world market conditions for the sanctioned commodities. An examination of available price data on sanctioned commodities leads us to conclude that the effectiveness of sanctions appears to be influenced by market conditions. When markets for sanctioned commodities were weak and world prices were low, such as for coal, market conditions reinforced the sanctions and South Africa's total exports of the sanctioned commodities declined. Conversely, South Africa was able to reduce its losses or actually increase its exports of sanctioned commodities that were traded in tighter markets with rising prices, such as agricultural products, for which overall price increases were about 34 percent from 1986 to 1987.

This concludes my summary comments. We will be happy to try to answer any questions you or the members of your committee may have.

[The prepared statement of Dr. Mendelowitz appears in the appendix.]

The **Chairman**. Thank you very much indeed, Dr. Mendelowitz.

A large number of American firms have left South Africa and the legislation we are considering at this time would require not only a large number, but all United States firms, to leave. Based on your own work, Dr. Mendelowitz, at the GAO, what would be the likely impact on those firms' black South African employment?

Dr. **Mendelowitz**. It is hard to say what the total impact will be. We did case studies of five United States companies which disinvested from South Africa, and the employment experience with respect to their former employees varied with the method of disinvestment that was used. When a company disinvested by shutting down its South African operations and leaving, those who worked for the company lost jobs. For those companies that disinvested by selling their assets as a going concern to another purchaser, they were able to, I think, continue operations and those who worked for the previous U.S. employer continued to work for the new owners.

The **Chairman**. A good deal of concern has been expressed about the possibility of United States dependence on the Soviet Union for strategic minerals in the case of the South African cutoff.

Do you have any feeling as to what strategic minerals we are getting from the Soviet Union now and how that would be affected?

Dr. **Mendelowitz**. With respect to 6 of the 10 strategic minerals certified by the State Department under the CAAA, during the period 1983 to 1987 the United States imported no quantities from the Soviet Union. With respect to three minerals, chromium, antimony, and industrial diamonds, imports of each from the Soviet Union represented less than 3 percent of our total imports. For one strategic mineral, platinum-group metals, the Soviet Union provided 10 percent of our imports in 1987, down from a 5-year high of 13 percent in 1983. Our expectation is that if there were a total embargo on South African minerals, there would be a substantial increase in demand for Soviet exports of platinum-group metals.

The **Chairman**. How many United States companies have shut down totally in South Africa as a result of the present sanctions?

Dr. **Mendelowitz**. The present sanctions do not require disinvestment, but over the past 5 years a fairly large number of United States firms have disinvested from South Africa. As of June 1988, 162 U.S. companies have withdrawn from South Africa and 150 remain there. Of the remaining companies, nine have announced their intention to withdraw. The reasons given for disinvestment by the firms that we interviewed were:

One, poor economic prospects in South Africa because of the economic and political situation;

And second, a number of companies commented that they were responding to the pressure exerted on them by state and local selective buying regulations and laws which prohibited localities in the United States from doing business with companies that had activities in South Africa.

The CHAIRMAN. In your testimony, you stated that South Africa would be able to find new markets for their products. In what countries have they increased their market share?

Dr. MENDELOWITZ. As I indicated, overall they were not able to replace their exports of the sanctioned products. There were some selected countries where imports of those products from South Africa increased, although total imports from Soputh Africa by all 20 countries in our study declined for most products.

With respect to coal, which is a particularly weak market, there were no major gainers. With respect to iron and steel, again an industry where there is tremendous excess worldwide capacity, no country substantially increased their imports of South African iron and steel.

With respect to textiles, our data indicates that Japan and West Germany increased imports of textiles from South Africa. With respect to uranium, France increased its imports. And with respect to agricultural products—and again in the case of South Africa the major agricultural products are fruits and nuts, sugar, and honey—the countries that represented major increases in imports were Japan, France, and West Germany.

The CHAIRMAN. To your knowledge, what other trading partners of South Africa have imposed a degree of sanctions?

Dr. MENDELOWITZ. Have imposed import sanctions?

The CHAIRMAN. Imposed import sanctions.

Dr. MENDELOWITZ. The sanctions vary by type of product. For example, our understanding is that sanctions on iron and steel are probably the most extensive set of sanctions imposed worldwide. All 11 members of the European Community, most of the Nordic countries, Japan, Australia, and Canada have imposed sanctions on iron and steel.

With respect to agricultural products, other than the United States I think Canada, Australia, and most of the Nordic countries have imposed some sanctions. With respect to textiles, most of the Nordic countries have imposed sanctions.

Coal, a few countries—France, Australia, Canada, and most of the Nordic countries. And with respect to uranium, Canada, Australia, and most of the Nordic countries.

It is interesting. If you look at who imposed the sanctions, I would have to say that a number of the sanctions were imposed in a way that represented the least cost alternatives for the countries imposing the sanctions. For example, the European Community has tremendous excess capacity in iron and steel. They are in the process of restructuring their iron and steel industry. So, it was a relatively easy thing for them to do to restrict imports of iron and steel.

The CHAIRMAN. Now, did I hear you correctly earlier? Did you say that about 130 companies have shut down completely, American companies?

Dr. MENDELOWITZ. No, it is 162.

The CHAIRMAN. Have shut down completely?

Dr. MENDELOWITZ. They have exited from South Africa. That does not mean that the operations were shut down. Some of them exited by shutting down their operations and leaving. Some exited by selling the going concern to the local managers, sort of a leveraged buyout by management.

Others exited by selling the assets to another investor, either in South Africa or elsewhere in the world or by selling their assets to a trust, with the concern continuing to operate.

The **Chairman**. I thought Kodak was the only company that had pulled out completely.

Dr. **Mendelowitz**. I am sorry?

The **Chairman**. I thought Kodak was the only company that had pulled out completely. I am incorrect in that assumption?

Dr. **Mendelowitz**. Kodak was one of the case study companies with which we spoke. We agreed with our congressional requestors and the companies involved not to link specific information with particular companies. Therefore, we discuss only general cases. Consequently, I feel somewhat uncomfortable talking about the individual companies by name. I do not mean to be unresponsive.

The **Chairman**. No, I understand.

One other question. As you know, the South Africans have moved ahead with artificial gasoline production out of coal. If we shut off oil completely to them, which is one of the purposes of these sanctions, how much of their needs can be made up by enlarging their program of coal conversion and meeting it that way?

Dr. **Mendelowitz**. My understanding is that the SASOL oil-from-coal facilities is the largest in the world. While I do not have exact figures, the information we have received is that these three plants are able to provide between 5 to 30 percent of South Africa's oil needs.

The **Chairman**. And if they were in a crisis, could they triple that production or make three Sasolburgs?

Dr. **Mendelowitz**. We just do not have that information.

The **Chairman**. You might want to answer that question for the record, because I think it is of great interest to us in connection with the legislation, which implies that by cutting off the oil we would be able to put pressure on South Africa. On the other hand, they may be able to meet their needs domestically. So, answer that for the record if you would: Would they be capable of tripling production at Sasolburg or make three more plants like it?

Dr. **Mendelowitz**. I will try to find out that information for the record, Mr. Chairman.

[The material referred to follows:]

The South African Coal Oil and Gas Corporation—SASOL—owns and operates three synthetic fuels plants, known as SASOL 1, 2, and 3. Publication of any information about SASOL is prohibited by South African law. However, estimates of the combined production of the SASOL plants ranges from 40,000 to 100,000 barrels of crude oil equivalent a day, compared with estimated South African oil consumption of 250,000 to 320,000 barrels of crude oil equivalent a day. The SASOL plants are believed to be operating at full capacity and so could not expand production. South Africa is, however, considering building at least one additional plant of unkown capacity. Construction of the last SASOL plant was begun about 8 years and took 3½ years to complete at a cost of R3.3 billion (about $1.5 billion).

The **Chairman**. Senator Helms.

Senator **Helms**. I have no questions.

The **Chairman**. Senator Pressler.

Senator PRESSLER. In following up on that question, I found it interesting that in the European sanctions, for example, the European ministers had a meeting someplace and issued a great statement about how they were going to take sanctions against South Africa. But if you really study them from an economic point of view, they were not sanctions at all; they were just protectionism, because South African products, the iron and steel, competed with European iron and steel.

I think they left coal open. I believe most European countries are still importing coal.

But what pinch have the Europeans taken themselves? I mean, would you concur with me that the sanctions Europeans have taken, are protectionism cloaked in idealistic statements; are they not?

Dr. MENDELOWITZ. I think, as I observed in my statement, it is safe to say that when markets are soft sanctions can be most effective. And the case you cite is, I believe, an example of where self-interest as defined as protectionism can also be an effective sanction.

So, I certainly would not disagree with your characterization of the fact that, given the overcapacity of iron and steel in the European Community and its efforts to restructure or reduce capacity, finding an excuse to limit iron and steel imports from South Africa was certainly something it did not have a hard time concluding.

But if you are asking me what the pinch was, we do not have information on the extent to which the Europeans have suffered at all because of any sanctions.

Senator PRESSLER. What about coal? Now, they are still importing coal, are they not, from South Africa?

Dr. MENDELOWITZ. Our understanding is that they are, although there are a few of the European countries, France and most of the Nordic countries, which have imposed sanctions.

Senator PRESSLER. But France, relies heavily on nuclear energy, so they are importing a lot of uranium from South Africa; are they not? So, it would be a pinch to France, if they are consistent, not to import uranium.

Of course, the United States is doing the same thing, keeping exemptions on things that affect our economy. That is what seems kind of strange about all the sanctimonious talk about sanctions.

Actually, the Europeans have gained a great deal of airline business from other countries having sanctions on South African Airways. But the European countries have not adopted such restrictions; have they?

Mr. STERNLIEB. There are a number of European carriers that fly to Johannesburg.

Senator PRESSLER. But the European carriers overall have benefited from the ban that some countries have taken; is that not correct?

Dr. MENDELOWITZ. I think it is a logical conclusion. I think if 10 carriers are serving a particular market, and 5 exit and 5 remain, those who remain obviously will benefit from whatever traffic remains in the market.

Senator PRESSLER. The point I am making is that the European sanctions behavior would make a great research paper. This is an opportunity for protectionism cloaked in very idealistic statements. I am almost amused at the Europeans' claim that they have tough sanctions against South Africa when in fact they are just a little bit of protectionism.

Let me ask you this. The things that you cited, it strikes me that it is a fairly small impact. What was it, $400 million?

How big an economy—what percent is that?

Dr. MENDELOWITZ. If you look at the impact of the sanctions on South Africa's exports to the United States, we see that South Africa's exports to the United States declined by over 22 percent because of the sanctions.

If you look at South Africa's trade in all sanctioned commodities, you find the $624 million loss in South Africa's exports that we have identified represents a trade loss of almost 7 percent in 1 year for South Africa. That is a substantial reduction in exports.

And you have to remember that the items under sanction are a fairly small percentage of South Africa's total exports. So, given the fact that the items under sanction are a fairly small percentage of South Africa's exports, I would say they have had a significant impact on South Africa's exports.

Senator PRESSLER. So, it is having a significant impact.

Dr. MENDELOWITZ. Oh, yes.

Senator PRESSLER. Now, what kind of impact has it had on their overall economy? Or is that outside your purview?

Dr. MENDELOWITZ. We really do not have information on that subject.

Senator PRESSLER. Now, which sector of South Africa is suffering the most or who is feeling the impact of that reduction?

Dr. MENDELOWITZ. The major loss in exports in terms of dollar value consisted of a reduction in coal exports of about $274 million, reduction in iron and steel exports of about $205 million, and a reduction in uranium exports of about $159 million.

Senator PRESSLER. So, it is mostly mining money. Has that resulted in less employment or less wages being paid? Do you know anything about that?

Dr. MENDELOWITZ. Getting information and data on South Africa is very difficult and, quite honestly, we do not have that information although I think you have to assume if the sanctions bite to the extent that they have reduced South Africa's exports, then I think it is prudent to assume that it has had an impact on employment in South Africa.

Senator PRESSLER. In your judgment, would it have more effect on the white community, the people who support apartheid, whoever is supporting it, or do you think it has more effect on the poor people who are working and so forth?

Dr. MENDELOWITZ. Senator, we really have no basis for establishing impact. We do not know what the impact is on employment and GNP and we do not know what the distribution of that impact is by community.

Senator PRESSLER. Well, I am strongly opposed to apartheid. I think we all are. I am fearful that these sanctions might be having the opposite effect of what had been hoped.

I suppose, it is hard to really analyze them?

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Simon.

Senator SIMON. I think the bottomline is in shorthand that sanctions are working as far as economic impact on South Africa. Now, what is not known and what we cannot know is, will that result in a policy change on the part of the South African Government.

And at this point, frankly, I do not see any alternative. When you look at the impact, particularly as you study your report, where United States market share for exports from South Africa—for exports to South Africa, went down 19.9 to 13.4, the United Kingdom's went down 17.5 to 15.8—these are percentages—but Japan's market share increased 13.8 to 18 percent.

If the United States were to ask our friends, including our friends in Japan, to join in this effort, I think the indication is clearly it would have a major impact on South Africa. And that is where I hope we head.

I have no further questions, Mr. Chairman. But I think the report is an excellent one, and for those who said this is not going to have any impact whatsoever, clearly the report changes that assertion.

Senator PRESSLER. Let me follow up on your question. Is Japan profiting from our sanctions in South Africa?

Dr. MENDELOWITZ. When you look at the market share data over the period we analyzed, you see some shift in which countries' shares increased and which decreased. And Japan clearly was a country whose share of total imports and exports increased.

But at the same time, if I remember correctly, South Africa's imports, for example, and exports declined. And so it would require a bit more analysis to establish whether the circumstance reflects an absolutely larger piece of a smaller pie or an absolutely smaller piece of a smaller pie. And we just do not have that information yet.

But I would say that my understanding is Japanese companies, who are used to getting guidance from their government, have received some guidance that it would be inappropriate for them to step in and capture sales in South Africa that have been lost to American firms as a result of antiapartheid actions.

Senator SIMON. If I may reclaim my time here to follow through, we have to do more than hint to other countries, and that is what this is an attempt to do. When we veto United Nations resolutions on sanctions, we are not sending the right message to South Africa at all, nor to our friends in other countries.

I just visited over the phone within the last 48 hours with one of the leaders of one of the NATO countries, who would welcome the United States really providing some leadership here. But the sense on their part is that we are very reluctantly moving in the way of leadership.

And I guess the pending legislation says, let us follow through on what we have done.

But I think your report is an excellent one, and if my colleague wishes to ask another question I will be happy to yield.

Senator PRESSLER. I was going to ask about Korea. Is Korea profiting from our sanctions?

Dr. **Mendelowitz**. The data we have is incomplete and the one market where we wanted to get information but could not with respect to bilateral trade with South Africa is South Korea. So, we do not have recent data.

Senator **Pressler**. Why could you not get that information? The South Koreans refused to give it?

Dr. **Mendelowitz**. We did not ask for the data from the countries directly. The information we received is information which countries supply to the United Nations and the International Monetary Fund.

The Koreans do not provide any information currently to those multilateral institutions on their trade with South Africa. I think that a query at the official level about the nature of South Korea's trade with South Africa would be perfectly appropriate, given the absence of data.

Senator **Pressler**. Could we make such an inquiry, Mr. Chairman? Could we make an inquiry on whether the Japanese and Koreans have taken up a lot of the slack of what our companies have bought?

Dr. **Mendelowitz**. Excuse me. We have data on Japan. We do not have data on South Korea.

The **Chairman**. We can certainly query the administration on that.

Senator **Pressler**. What I am trying to get at is, I am wondering if some of our good allies have not taken up what we do not trade. Whether they are taking over that trade is what I am trying to dig out. I think it would be a very interesting fact.

Senator **Simon**. Indications are, again if I may just quote from the report: "South Africa has not been able to replace its former exports to the United States of goods under United States sanction by redirecting trade to the other 19 nations and has suffered further losses in exports to these countries as well."

So that while there may be some slack taken up by Japan and South Korea, the overall impact from this report is very, very clear. And it could be even clearer if we were to say to our friends in other countries firmly, clearly, we want you to join and send a strong message to South Africa.

Senator **Pressler**. I am not arguing with my good friend. I am just saying that I think it would be very useful if we could find out what has happened to the trade. There is still a lot of trading going on. Some of it has increased, some of it has decreased.

As you say, the overall impact seems to be it has decreased. I would be curious to know where things are being sold that are not being sold here or things that are being sold there, and where the trade is going among some of the other countries in the world.

I wonder how the committee can——

The **Chairman**. Let us ask Dr. Mandelowitz to give us a supplemental statement that would fulfil that request.

Dr. **Mendelowitz**. Senator, if I can reiterate the information that we provided in the statement, we went down commodity by commodity with respect to the items that are under sanction.

And an attachment to my statement, which has a table reflecting what has happened to South Africa's total exports with respect to the sanctioned commodities indicates clearly that, with respect to coal,very few countries have purchased the coal that we are no longer importing from South Africa; and furthermore, other countries have stopped buying South African coal.

Second, very few countries have purchased the iron and steel that the South Africans stopped exporting to the United States, and most have further reduced their imports of South African steel.

No one in the aggregate has purchased South African uranium. While the French have increased their uranium imports somewhat, the group of 20 countries as a whole which represented 96 percent of the market for South Africa's exports in 1986, reduced their purchases from South Africa.

In the area of textiles, we were able to reduce imports of South African textiles by about $29 million. South Africa's exports to the rest of the world increased by about $12 million, so that there was a net reduction overall of about $17 million.

In the one area where South Africa was able to increase its exports, agricultural products, they increased sales by about $142 million, when exports into the United States declined by about $110 million. But it is worth noting that the other 19 trading partners increased their imports of South African agricultural commodities by a smaller amount than their imports overall increased, so that the South Africans were not able to keep up with the exports from other countries.

Senator PRESSLER. Well, just to conclude, I do not want to be ahead of anybody else here, but I think it would be just fascinating that, for example France, which has adopted sanctions as I understand it on iron and steel and coal, has exempted uranium, and increased their importation of uranium.

I would be very curious to see some breakout of what some of the major countries in the world, how the trading pattern has shifted. I know the aggregate numbers are interesting. I am just trying to learn about this. It may not prove anything when we get it.

Dr. MENDELOWITZ. Senator, let me assure you that the country-by-country and commodity data is data that we are only beginning to mine now, if you will pardon the pun. And the first information we have is information we provided in the statement that deals with imports of sanctioned commodities.

In the final report which we will be supplying to the requestors, Senators Kennedy and Weicker, at a later date, we expect to provide much more detailed information on country-by-country trade statistics.

Senator PRESSLER. What would be the reason that some countries did not provide that data? You say that some did not provide it. You are depending on U.N. numbers?

For example, Korea; why would they not provide their data?

Dr. MENDELOWITZ. I think that the only country on which we do not have data is South Korea. We have not queried the South Africans as to why they have not provided the data. I think that we would only be able to conjecture as to why that was the case.

Senator PRESSLER. It is the South Africans that do not provide it?

Dr. MENDELOWITZ. I am sorry, the South Koreans. South Africa provides no bilateral trade data. We have collected our data on bilateral trade with South Africa by going to the data provided by its trading partners.

The one trading partner of South Africa who has provided no data to the U.N. system is South Korea.

Senator **HELMS**. Mr. Chairman, the truth of the matter is that all the other countries are looking after their best interests. They do that all the time.

With reference to Japan, it is in the news today that they have embraced Noriega and are doing a lot of business with him. So, that shows how interested they are in all of this morality play that we talk about around this place.

Is it not true that Japan is now doing a great deal of trading with Noriega and his government down there?

Dr. **MENDELOWITZ**. We have no information on that, Senator.

Senator **HELMS**. It is in the news today. I will give you a quarter and you can buy a paper.

Dr. **MENDELOWITZ**. To be honest, in getting ready for the hearing I did not look at the paper this morning. I will read it tonight.

Senator **HELMS**. We have got a vote on now, Mr. Chairman.

Senator **PRESSLER**. Just as a footnote, it always seems to me that all the other countries are preaching to us about morality and so forth, but if you really dig into their trading practices they are not practicing what they preach.

The **CHAIRMAN**. Thank you very much indeed. I thank Dr. Mendelowitz for being with us. You should be prepared to answer any questions that may be submitted to you.

The committee will recess for a few moments while the rollcall vote takes place, and then the chairman of the African Subcommittee, Senator Simon, will take over the Chair when we resume.

[Recess.]

Senator **SIMON** [presiding]. The subcommittee will resume its hearing.

We have a panel. Maybe they have been introduced already, but: Mr. Sal Marzullo, Dr. Andy Smith, Mr. Aldrage Cooper, Mr. John Banovic, and Mrs. Nina May. Looks like we may have lost one or two of the members of the panel here.

We are very pleased to have you here. We would ask each of you to limit your remarks to 5 minutes, and then we will enter the full statement in the record.

Dr. Marzullo chairs the Industry Support Unit, Inc., Signatory Companies to the Statement of Principles for South Africa. Mr. Marzullo.

STATEMENT OF SAL G. MARZULLO, CHAIRMAN, INDUSTRY SUPPORT UNIT, INC., SIGNATORY COMPANIES TO THE STATEMENT OF PRINCIPLES FOR SOUTH AFRICA

Mr. **MARZULLO**. Senator Simon, the American companies still remaining in South Africa who are members of the signatory association have long believed that the growth of urbanization and industrialization in South Africa will do more to doom and eliminate apartheid and separate development than any other single influence.

We believe this despite any internal resistance to change that may appear in South Africa. If South Africa is to survive as a modern nation prepared to provide for all its people, as it must, economic growth must be encouraged, not reduced.

And South Africa needs to be opened up to a wide range of new ideas, programs, investments, and attitudes. Isolation from the rest of the world will only hinder this process of change, not assist or accelerate it.

America must show its concern and its determination that apartheid be eliminated by extending and expanding its role in that country, not by reducing it. American business, for example, has directly called for the abolition of all statutory race discrimination in South Africa, with negotiations with all black leaders on powersharing, for full South African citizenship for all people of South Africa, for the restoration of the rule of law, and an end to the state of emergency in South Africa.

In addition, we have spent well over $250 million in the past 9 years on helping to prepare blacks in South Africa for the leadership role they will ultimately and inevitably assume in the future in the South Africa beyond apartheid.

We have, in addition to the programs that I have just referred to, requested that all political prisoners be released, especially employees of American firms. We have assisted their families during periods of their detention. We have requested the unbanning of all political parties, alled for negotiations on powersharing leading to nonviolent change in South Africa, and the freeing of Mr. Nelson Mandella.

It is the combined efforts of United States firms which remain in South Africa, together with positive pressure exerted by the United States and by other nations, both individually and collectively, which are giving the many interests in South Africa which oppose apartheid the support needed for them to be able to gain political and economic freedom through peaceful means.

We who have seen the power of democracy make the United States one of the leading nations in the world recognize that the best hope for enlightened change is through economic expansion and not through the destruction of an economy. It is the expansion of the South African economy and the need for a growing skilled workforce which has enabled increasing numbers of blacks to become managers and supervisors.

Private businessmen supported the creation of black unions for the first time in South Africa's history and led to steady improvements in education and training. The increasing dependence of the South African economy on skilled blacks and black entrepreneurs provides them with the economic empowerment needed to successfully fight against racism and bigotry.

There is no clearer example of this than our experience in the United States, where many ethnic groups rose to leadership positions in our economy and in our Government by taking advantage of educational and economic opportunities.

The downturn in the South African economy is already negatively impacting on blacks in a disproportionate way. There are well over 2 million unemployed blacks, without additional sanctions.

Research conducted by independent British firms has shown that the economy has not absorbed some 150,000 to 200,000 blacks who have been entrants to the labor force each year since 1976.

In regard to the argument that sanctions assist blacks, let me address that by saying that the obvious question to whether sanctions help or hurt black South Africans is how much and for how long should South African blacks assume this additional burden?

The overwhelming evidence supports the conclusion that many years at least are required. South Africa is especially resilient to unilateral sanctions by the United States. Its government is determined, its white population has no place to go. Natural resources are huge. It is virtually energy independent and its military and police force are powerful.

Senator SIMON. If you can conclude your statement.

Mr. MARZULLO. During my last trip to South Africa in mid-February and early March, I met with many black community leaders. They do not want American companies to leave and are working to achieve consensus in their communities that they can publicly articulate this position.

Let me conclude until the question period and just say that the last statement I received was one from Mr. Allen Payton, and Mr. Payton says he remained convinced to the end that apartheid must be eliminated and will be eliminated, and sanctions and disinvestment are the wrong ways to accelerate movement toward this end.

He urges that we stay involved and committed, and I believe him to be right in that perception. We do not believe that isolating South Africa is going to lessen the demise of apartheid short term. This is a long-term commitment to change, and we need to remain fully involved in that process.

Thank you.

[The prepared statement of Mr. Marzullo appears in the appendix.]

Senator SIMON. Thank you, Mr. Marzullo.

Dr. J. Andy Smith III, director of Social and Ethical Responsibility on Investments for the American Baptist Church and a member of the South Africa Issue Group of the Interfaith Center on Corporate Responsibility. Dr. Smith.

STATEMENT OF DR. J. ANDY SMITH III, DIRECTOR, SOCIAL AND ETHICAL RESPONSIBILITY IN INVESTMENTS, AMERICAN BAPTIST CHURCHES U.S.A., AND MEMBER, SOUTH AFRICA ISSUE GROUP OF THE INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

Dr. SMITH. Thank you.

I am representing today the American Baptist Churches U.S.A., but I also reflect the concerns of 220 Roman Catholic orders and the 20 Protestant denominations which are members of the Interfaith Center on Corporate Responsibility, where I serve on the steering committee of the Issue Group on South Africa.

On Wednesday of this week, the general board of the American Baptist Churches U.S.A. passed a resolution calling on its members, churches, and agencies to boycott Shell Oil because of its major role in South Africa, thus becoming the fourth major religious group in the past month to join the boycott, along with the Episcopal Church, the United Methodist Church, and the National Council of the Churches of Christ.

If the sanctions legislation becomes law, the boycott would no longer be necessary because Shell would leave South Africa, choosing instead the larger United States market.

In 1985 I went to South Africa for 3 weeks. I met with religious leaders and top executives of 15 U.S. corporations, seeing the conditions in their work places and visiting with several projects which they supported.

The representatives from Mobil Oil shared with me their frustration in creating a black middle class, saying that, despite all they were doing, not one black employee could vote or live where he wanted to or even play golf with a white colleague.

These comments are a sad commentary on the effects of the efforts of U.S. corporations. They have only made conditions for the workers slightly more comfortable in what remains an unjust situation.

The presence of Mobil among those lobbying against the sanctions bill places them unfortunately in an alliance with the South African Government.

On the final day of my trip, I shared my observations about the many projects which U.S. corporations supported with then Bishop Desmond Tutu. His response to me was: "Yes, but it all occurs within apartheid."

I also spent some time in the area around King Williamstown, meeting with blacks living in areas where they had been forcibly resettled by the government. I went into the homes of these people. I realized in a meeting with white businessmen and blacks boycotting their businesses that I had seen more of the reality of black South Africa than whites who had lived there most of their lives.

I saw the reality of black life that is totally unaffected by the presence of U.S. corporations, except to the extent that those corporations support apartheid through their taxes to the government.

In 1985, United States corporations paid $752 million to the South African Government in taxes, while paying only $27 million for social programs under the Sullivan principles. That provided about 5 percent of the revenue collected by the government during that period.

Last year, boards of the American Baptist Churches sponsored 56 shareholder resolutions to United States companies, including Johnson & Johnson and Mobil, which are present today, calling for a total break of all economic ties with South Africa.

We were joined in this effort by many other religious groups and public and private pension funds representing a total of over $200 billion in assets. Our resolutions went to companies which have sold assets in South Africa, as well as those continuing to hold those assets.

Seventeen years after the first withdrawal resolution filed with General Motors in 1971, we are still sponsoring such resolutions. The passing of the bill before you would immediately accomplish what we have been attempting to do with only moderate success.

The net result of corporations like General Motors and IBM selling assets to South Africans has been that the same products are available in South Africa and GM and IBM can no longer guarantee that their products do not reach the government.

IBM and the other U.S. computer companies are a particularly important target because of the high technology of computers which can directly support the repression of the government. This year, a resolution to ask IBM to break all ties got the highest vote ever of a resolution at IBM.

Let me now comment on the international financing of apartheid. The South African economy could not survive if it were not for various trade credits. Chris Stahls, Director General of Finance of South Africa, stated:

> If the world banking community should effectively exclude South Africa from international trade and payments systems, it would be a much more effective sanctions measure than the trade sanctions applied by governments. It would put us on a barter system overnight. That is the muscle they have on their side.

Trade financing is now the major way in which capital projects are financed. I have submitted here with my testimony a report by John Lind that goes into detail on financing foreign trade in South Africa.

His conclusion is that South Africa would face a financial crisis if its trade credits were cut off by its major trading partners, for it could barely cover the lower estimate of such credits by liquidating all of its foreign reserves.

We are also concerned about correspondent banking agreements, which in effect are short-term loans and provide an effective extension of United States banks into South Africa.

Senator SIMON. If you can conclude your statement.

Dr. SMITH. Yes.

Is there evidence that comprehensive economic sanctions can promote political change in South Africa? A study last year by the Starnberger Institute of the Federal Republic of Germany concludes that the actions of only six countries—the United States, the United Kingdom, the Federal Republic of Germany, France, Japan, and Switzerland—to end new loans and institute trade and investment sanctions would bring about the complete collapse of the apartheid system.

It is important that such sanctions be instituted quickly and that the United States urge the other countries identified to follow its lead and impose sanctions.

[The prepared statement of Dr. Smith appears in the appendix.]

Senator SIMON. Thank you, Dr. Smith.

Mr. Aldrage B. Cooper, who is director of public affairs with Johnson & Johnson. Mr. Cooper.

STATEMENT OF ALDRAGE B. COOPER, JR., DIRECTOR OF PUBLIC RELATIONS, JOHNSON & JOHNSON

Mr. COOPER. Thank you, Senator Simon.

We at Johnson & Johnson are opposed to this legislation because it would force us and the entire United States business community to withdraw from South Africa. That in our opinion would harm the very people it is intended to help. We believe that Johnson & Johnson and the U.S. business community has a positive role to play in bringing about change in that society.

We recognize that we have a limited presence in South Africa, but our presence has permitted us to engage in various activities of social responsibility that have had a positive impact on the lives of many South Africans. We cannot do that if we are not there.

We recognize that we are dealing with more than discrimination. We are fighting a system that has institutionalized segregation, a system that we all know is immoral.

Our position is clear. We at Johnson & Johnson abhor and condemn apartheid and all that oppressive and intolerable system stands for.

We cannot presume to prescribe detailed blueprints for the political future of that country. That is for all South Africans to decide. But we can and do state what we are for, as well as what we are against.

We are against violent revolution as an alternative to a peaceful solution through sincere and honest negotiations. We are for a new South Africa where all that has been built is not destroyed, but where all the social, economic, and political life is open to all its people.

We support the release of political prisoners and the unbanning of the ANC and other organizations. We are for the repeal of all apartheid laws, including the Group Areas Act and the Population Registration Act.

We are for a free democratic political process and a free enterprise system open to everyone. We have expressed that point of view to the South African Government and we have done that quite often.

Johnson & Johnson is one of the largest and most diversified health care corporations in the world today, with sales last year exceeding $8 billion. We have over 160 independent units in 56 countries around the globe.

We incorporated in South Africa in 1930 and today we have three independent companies individually servicing our three main franchises—consumer, hospital, and pharmaceutical products. And incidentally, we are suppliers of 3 of the 200 drugs listed by the World Health Organization as drugs that are necessary for developing countries.

Collectively, our 3 franchises employ 1,400 South Africans, over 60 percent of whom are black and are represented through all levels of the organization, including senior management.

Today our sales in South Africa account for less than 1 percent of our worldwide total, and profits less than one-half of 1 percent. Our modest profit performance is based on two factors, the state of the economy as well as the considerable sums of money that we spend on affirmative action, black advancement, education, and community outreach programs for blacks.

One such program, a science and mathematics enrichment program in the Funda Center in Soweto, has been seriously damaged by the announced withdrawal of several U.S. firms. This program has enriched the teaching skills of scores of black South African teachers, thereby measurably improving the achievement level of thousands of black standard five mathematics and science students.

During my latest visit to South Africa last month, I learned from the program director that the announced withdrawal resulted in significantly less program funding, adversely impacting the growth of the program and future political and potential black economic strength.

It is black economic strength, particularly consumer purchasing power and a strong organized workforce, that is the most potent weapon for internal pressure that is available to black South Africa.

A weak economy is an economy of exclusion which will lead to greater unemployment and less effective income distribution. This in turn will result in less black economic empowerment and a less effective trade union impact.

By forcing U.S. business to withdraw, there will be the silencing of a positive and progressive antiapartheid voice and the removal of the last vestige of leverage the United States will have against the evils of that government. We think our presence in South Africa helps achieve the economic, educational, and political aspirations of South African blacks, and is the most effective means we have to combat injustice in that society.

We believe United States statements and actions regarding disinvestment will not alter the South African Government's course.

Finally, I would like to say that supporters of Senate bill 2378 are urging the removal of United States business from South Africa. We believe they should ask themselves at least three questions:

How will disinvestment end apartheid? Have the black South Africans who are most likely to feel the negative effects of disinvestment been consulted? And when the structures for black economic and social development are removed, what structures will replace them?

These three questions the provoke one fundamental question: What sort of South Africa do we want to see in an era beyond apartheid? Those who seek to damage the South African economy now should realize that a crippled economy is not in the best interest of a new South Africa that is shared by all of the people.

[The prepared statement of Mr. Cooper appears in the appendix.]

Senator Simon. Thank you very much, Mr. Cooper.

Now I would like to call on John Banovic, the international secretary-treasurer of the United Mine Workers, an old friend who happens to be from the State of Illinois. We are glad to have you here.

STATEMENT OF JOHN J. BANOVIC, SECRETARY-TREASURER, UNITED MINE WORKERS OF AMERICA

Mr. Banovic. Thank you, Senator Simon. My name is John Banovic. I am the international secretary-treasurer of the United Mine Workers of America. I appreciate the opportunity to present the views of coal miners to the members of this committee.

The United Mine Workers represent the vast majority of coal miners in the United States and Canada. Our union has about a quarter of a million working, retired, and unemployed members in North America.

The campaign to end apartheid is not a new one for the United Mine Workers. As far back as the 1940's, John L. Lewis had contacts with and supported the South African Mine Workers Union.

Working people in this country are very concerned about the abomination of South Africa's racist system of apartheid. The question for the American people must be: How can we minimize the bloodshed and promote political freedom and economic justice?

The answer is that political and economic pressures must be imposed on South Africa's Government immediately. We must remove the support of our country continues to give to the maintenance of apartheid.

This is why the United Mine Workers support comprehensive mandatory sanctions against South Africa. The present sanctions affect only one-third of United States imports from South Africa and virtually no exports. Partial sanctions produce partial results.

The United Mine Workers strongly support S. 2378, introduced by Senators Kennedy, Cranston, and Weicker. This bill spells out the type of United States policy that the black unions, churches, and community groups in South Africa are calling for.

This legislation deserves the support of this committee and the full Senate. I would like to focus my remarks today on one section of this bill, section 3, entitled "Prohibition regarding involvement in South African energy sector." Section 3 deserves support for several reasons.

First, it targets a particular industry where additional sanctions would be especially effective. That area is oil. Oil is a strategic and essential commodity necessary for the survival of the South African Government. Without oil, the South African military could not maintain its army, air force, and navy.

Without oil, the South African military and police could not invade and occupy the black townships inside South Africa and maintain the system of apartheid. Oil is South Africa's Achilles' heel.

South Africa has no commercially exploitable oil deposits of its own, nor does it have sufficient stocks of oil to last more than a year or 2.

Only a few companies—Royal Dutch Shell, British Petroleum, and Total, based in Europe, and Mobile, Chevron, and Texaco, based in the United States—actually supply this precious petroleum to South Africa's Government.

South African law requires multinational oil companies who do business in South Africa to supply fuel to the South African military and police. It also allows the regime to take over oil operations in a national emergency and classifies oil as a munition of war.

All of the nice talk by these oil companies about how they are opposed to apartheid cannot erase these facts. Clearly, Mr. Chairman, if the South African Government recognizes oil as a munition of war, the United States Government should recognize it as such also.

Yet, despite the fact that there exists a mandatory arms embargo against South Africa, oil multinationals which profit handsomely from the American market are allowed to supply such munitions to the South African military and police. Our Government has told these oil companies to leave various countries for foreign policy reasons.

We should end the double standards that always seem to apply to South Africa and end the oil flow to the apartheid regime.

This provision is unique for another reason. For the first time, sanctions will have a multilateral effect, instead of a unilateral effect. The time for mandatory, comprehensive sanctions against sanction has long since passed.

Let us as a government embrace the democratic principles of freedom and justice for all South Africans, instead of the forces of racism, oppression, and business as usual. Let us have a policy all Americans can be proud of. Thank you.

[The prepared statement of Mr. Banovic appears in the appendix.]

Senator SIMON. Thank you, Mr. Banovic.

And our final witness, Mrs. Nina May, who is with The Renaissance Women, Washington, DC. Happy to have you with us.

STATEMENT OF NINA MAY, THE RENAISSANCE WOMEN

Mrs. MAY. Let me just begin by telling you one of the reasons we went as a group of Renaissance Women, and the organization Renaissance Women is comprised of women leaders and men around the world and around the country. And we are very interested in understanding what is happening internationally as well as domestically.

And South Africa has always been a key issue with us. But without going there, we were basically relying on the reporting of the media in our country and limited newsletters from different organizations.

So, we decided before we could pass judgment on the country either up or down, good or bad, we should have to go there and see for ourselves, talk to the people, and decide from that position where we stand on the issue of sanctions. And we went in October 1987.

And I think that basically the best testimony I could give is to echo the sentiments of the people that we met with in South Africa. And I can honestly say—and again, we were like a camera and a tape recorder. I can honestly say that every person we talked to except for two—and I will give you the names of the two people—were against sanctions.

They were very angry with the United States. They were very upset. They felt that we had turned our back on one of the best allies we have ever had. This is coming from all races, religions, ages, economic backgrounds. And they said: "Why are you doing this to us?"

We even had a few people say: "We never knew that America was a racist nation." And we were shocked by this. We said: "What do you mean?" Well, do you know that sanctions has produced over 200,000 unemployed blacks, yet it has produced 10 white millionaires?

And I do not know what those numbers are now, but this was in 1987 in October. We were shocked by this.

I was shocked when I arrived in South Africa to see that it was not the oppressive nation that we have been led to believe. These people care about each other as South Africans, the blacks and the whites, the different tribes, the Indians, the coloreds.

They are united as a group called South Africans. They said: "Great, we have internal problems. We do not agree on everything. But you have no right to stand in judgment of us when you look at the problems you have in America."

And I will give you the names of the two people that, not only did they support sanctions, but they felt we had not been strong enough or tough enough. It was Bishop Desmond Tutu, who we did meet with, and Dr. Matlano. Dr. Matlano is head of the Soweto Civic Association.

And in our meeting with Dr. Matlano, I must say that I felt that we were being deceived. And again, it was the same line we had heard in this country. We were told by him that blacks could not own businesses. Right after our lunch, we went out with the small business development corporation to their facility at the outskirts of Soweto and met with blacks who were set up by the government in their own businesses with loans.

They were taught how to market their goods, how to sell their goods, how to produce their goods. The interest of the government was to help these blacks with the free market system develop and grow.

So, that was an out and out lie. As we sat at lunch, he said: "Blacks are only in this country to serve whites." At the moment he said this, a white waiter put a plate of food down in front of him. I thought, this is incredibly ironic.

And it was one inconsistency after another. And after being there for 3½ weeks, I feel personally—and I cannot speak for every Renaissance Woman, because I have always aid that Renaissance Women can speak for themselves.

But I feel that personally we as Americans have been duped. We have been fed a bill of goods, and this bill of goods has the potential to hurt millions and millions of people. And as an American citizen, I just want to say that I hope that you go no further in hurting these people who have done nothing to hurt us.

[The prepared statement of Mrs. May appears in the appendix.]

Senator SIMON. Mrs. May, if I may, since you are the last witness here, what was your attitude about this before you went on this trip?

Mrs. MAY. My attitude has always been to take a position of getting the facts, understanding both sides. And in understanding what sanctions would do, the people that they would hurt, we were against the original sanctions bill.

But again too, whenever we would go to the different offices, congressional offices, and ask how the Congressman or Senator was going to vote and give them our opinion, most of them, 90 percent of them, said, "Well, have you ever been there? How can you make that judgment? How do you know?"

And I would have to turn that question back on our congress and say: "Have you all ever been there? Have you ever met the people? Have you ever talked to the people? You know, this is a very important issue and it is not one that can be based on hearsay."

It is one that has got to be based on personal testimony, I think.

Senator SIMON. OK, but your answer is you were against the original sanctions bill?

Mrs. MAY. Yes.

Senator SIMON. May I ask you who paid for your group to go over to South Africa?

Mrs. MAY. We were invited by the government of South Africa. But we set our entire agenda. And one of the conditions before we went was that we could have a black member going with us, because we did not know what to expect.

We really had no idea what we were getting into. But we said, "OK, we are open-minded and, you know, the only way we can get to the bottom of the truth is to go."

Senator SIMON. Your answer to my question is the government of South Africa?

Mrs. MAY. Right. But let me add, I have been invited by the Central Committee of Moscow to visit their country in November. I hope that does not have any kind of relevance on my position toward communism or toward the Soviet Union.

Senator SIMON. Mr. Banovic, we had testimony yesterday that American coal miners are losing their jobs because of sanctions against coal in South Africa. Do you have any reason to believe that is accurate or not accurate?

Mr. BANOVIC. Senator, I totally disagree with that statement. As you well know, probably 10 years ago and as late as 2 years ago, South Africa was importing coal into the United States, which was taking coal miners' jobs. And the coal miners of today in the United States could not compete with the slave labor wages that were paid in South Africa.

So, when we cut that off, there was some increase in employment in our membership. And I totally disagree with the fact that it decreased jobs in the United States.

Senator SIMON. Dr. Smith, you mentioned a report that you would like to have inserted into the record from some economic study. Is that a lengthy one?

Dr. SMITH. Yes, it is a lengthy one, and I kept it here with me since I only had one copy.

Senator SIMON. Is there an executive summary? If it is a lengthy report, I am reluctant to put it into the record. But if there is an executive summary or some kind of summary that can be made, we would be happy to put it in the record.

Dr. SMITH. There is not an executive summary. It is called "Financing South Africa's Foreign Trade," and it does go into detail on a number of the questions that in fact were asked at the earlier panel today.

I think that the material in here would be very helpful for the committee to see.

Senator SIMON. I am advised by the staff that it does not appear to be that long and that we could enter it in the record.

[The material referred to appears in the appendix.]

Senator SIMON. Dr. Smith, on the basis of what you have seen, what would be the impact of further sanctions with banks and others, if we were to move in that direction, in South Africa?

Dr. SMITH. I think a short answer is partial sanctions bring partial results, and full sanctions may bring full results. So, I think that an increase in sanctions would be very effective.

But as I stated from the report of the Starnberger Institute, these sanctions need to be instituted not only by the United States, but by the other five major trading parties with South Africa.

And if comprehensive sanctions such as are envisioned by this bill are instituted by the United States as well as these other countries, then it is very likely that the economic pressure could be brought directly on the South African Government. For example. the foreign debt which comes due in June 1990 is totally due at that point, the debt that was renegotiated 2 years ago. If that became due and if it were declared due at that point, then it would have a great effect, because the South African Government would not be able to cover that amount.

The present agreement is only such that about 5 percent of the outstanding debt is paid back each year. We would wish that all of it would become due, and certainly a much larger percentage than 5 percent would be repaid. That is one example.

South Africa does not have the necessary foreign reserves to cover the trade financing also. If that were to be cut off, trade credits were to be cut off entirely, the South African Government would not be able to cover that.

Senator SIMON. Mr. Cooper, you asked three important questions here, and I recognize the validity of those questions. I think they have to be balanced by some other questions, however.

When you say, how is disinvestment supposed to end apartheid, I think we also have to say, how will our present policies end apartheid? And I would be interested in your answer to that.

Mr. COOPER. I believe that our present policy of investment in South Africa is bringing about a change in that society. And I believe that that society is the only society that can change that government.

I do not think that our Government will be able to change the racial laws of that government. I think that will have to come from within that country. And I think by having a strong economic presence in that country, I think we create, and as I indicated before, a consumer power and a trade union power that will be able to be a factor in that society.

I think the answer to the question, was addressed by Sal Marzullo or someone in the other panel. I think the answer is to strengthen that economy, not to destroy it.

Senator SIMON. But the evidence, for example, of the forced removal of 3 to 4 million people from their homes to relocate them does not show a growing sensitivity on the part of the Government of South Africa to the plight of the people of South Africa.

Mr. COOPER. As a matter of fact, the Government is more intransigent now than it was before, and part of the reason for that is the fact that this Congress has initiated sanctions against that country.

Senator SIMON. But let us just go back to before we passed sanctions. Do you see any evidence that that government was more sensitive before we passed sanctions?

Mr. COOPER. I think there were cosmetic changes in that country. Some of the changes that the government introduced, which is referred to as their reform process, are considered cosmetic. I do not think those changes are regarded that well in this country, because we are putting them against the democracy that exists in this country.

However, I do believe that the reform process, as limited as it was and in cosmetic change, has come to a standstill. And it has come to a standstill because of the policies of this Congress.

Senator SIMON. Senator Helms.

Senator HELMS. Mr. Chairman, thank you very much.

Mrs. May, I have been looking forward to meeting you. We have a mutual friend, Jane Chastian. And if you will pardon a personal reference, I had the privilege of hiring Mrs. Chastian for her first television job, as a sports reporter for a television station which I managed way back then.

Jane went on to be a CBS star. You have seen her many times down on the field during the Superbowl and that sort of thing.

While we were talking about you—she was here the other day, by the way. Do I recall correctly that she said you have a black belt in karate?

Mrs. MAY. Yes, sir.

Senator HELMS. Mr. Chairman, do not fool around with her.

Senator SIMON. I will be careful, Mr. Chairman.

Senator HELMS. Anyway, we are glad to have all of you, and I appreciate the time you have spent.

Mr. Cooper or whoever, are you aware of any situations in which black workers or managers at United States companies have subsequently launched their own businesses in South Africa?

Mr. COOPER. Am I aware of businesses that have been closed?

Senator HELMS. No, no, no. It is my southern accent and the acoustics in here.

So much has been said about there is no hope for any black in South Africa, and the fact remains that a lot, but not enough, blacks are running their own businesses. I found in my files a 2-page report from the United States News and World Report from last year that says "The Horatio Algers of South Africa."

And it has pictures of various blacks and says: "Kaiser Muton learned how to promote soccer while playing in America. Junius Legasa runs a successful accounting business in Johannesburg, but must live in a black township 35 miles away. He makes the trip in a Mercedes in to work."

Then an exjanitor, it says under the picture, an exjanitor who now is probably South Africa's richest black businessman and plans to build housing for the squatter children in Soweto, and so forth and so on.

So, it is not quite accurate to say, as so many have, that there is no progress being made and the only way to solve this problem is to knock even more people out of jobs over there and make the economic situation more difficult.

Mr. MARZULLO. Senator, when the economy was doing well several years ago, the growth in the black community of the black middle class was beginning to assume historically for South Africa a very significant increase in the formation or the beginning of a black middle class in South Africa in Soweto and some of the other townships, small but significantly growing.

And that was measurable. And this was the time when black labor unions also began to be recognized by the government. Despite the conflict that went on, it was one of the most significant things that happened, was the growth of black labor unions in South Africa, concomitant with an increase in the black middle class in South Africa.

Senator **Helms**. I suspect something had something to do with it other than black union membership.

Mr. **Marzullo**. It was economic growth which was the stimulus, no question about it.

Senator **Helms**. Of course. Labor unions cannot take credit for that there any more than they can take credit here. It is the economic system in this country, and the fact remains that South Africa has the strongest economy on the African continent. You cannot get around that.

And yet all of these pious protesters come up here saying we must sock them in the chin again and put more sanctions on them.

I want to get some verification of the figures that I have been reading about the number of mining jobs in this country that have been lost as a result. What I have and what you said are contradictory. I do not know what is right.

Dr. **Smith**. Could I comment on black business in South Africa briefly?

Senator **Helms**. All right, Mr. Smith. I have a question for you. Yesterday we heard over and over again about Bishop Tutu. Now, is it not a fact that Bishop Tutu's own church in South Africa, the Anglican Church, has not called for sanctions?

Dr. **Smith**. I am not a member of that church, so I can not speak for that church.

Senator **Helms**. I know you are not.

Dr. **Smith**. His church is a member of the South African Council of Churches, and they have a very strong position on sanctions.

Senator **Helms**. The fact is, Mr. Chairman, you cannot walk around the question, and I am not going to let you, Dr. Smith. Bishop Tutu's own church is not in favor of sanctions.

Now, Bishop Mokena, who just happens to head the Independent Reform Church of South Africa, having 4½ million members, most of whom are black, opposes sanctions vigorously.

And what about the Christian Zion Church? What is their position? How many members does it have?

But Bishop Tutu comes over here and he parades before the news media as if he is speaking for all of the blacks in South Africa and he is the only one who has any morality about him, when exactly the contrary is true.

Have you been to Soweto?

Dr. **Smith**. I have been just outside of Soweto. I have not actually been in Soweto. I have been in several other townships.

Senator **Helms**. Well, I would think that, taking the position that you do, that you would go to Soweto first. Now, I will tell you one thing. The finest home in Soweto is owned and occupied by Bishop Tutu, by comparison with the other homes.

So, we have all sorts of——

Mrs. **May**. Excuse me, Senator. I beg to differ. I think Winnie Mandela's home is much larger than Bishop Tutu's.

Dr. Smith. Senator Helms, could I return to your previous question on black business?

Senator Helms. Sure, I want you to.

Dr. Smith. Because I think it is important to note that on the South African stock market there are at present two black-owned businesses that have come onto that market within the past year. These are the only two black-owned businesses on the South African stock market, which is controlled about 60 percent by one corporation, Anglo-American. And as of a couple of years ago, there were 1,400 individuals that controlled about 62 percent of that market.

So, it seems to me that if this is the strongest economy in Africa, which you said, that there are not very many black businesses that are a part of that economy.

Senator Helms. So, you are saying that the 2-page report in United States News and World Report is not accurate, is that what you are saying?

Dr. Smith. I am just giving you some figures on the South African stock market, the Johannesburg stock exchange.

Senator Helms. But they do not want to be involved there. What I am saying is they have got people driving to work in a Mercedes. I drive a 5-year-old Oldsmobile. What do you drive?

Dr. Smith. I drive a Nissan.

Senator Helms. A what?

Dr. Smith. A Nissan.

Senator Helms. You ought to be buying an American car. [Laughter.]

You labor boys ought to get on him about that.

Have you ever talked to Chief Buthelezi?

Dr. Smith. No, I have not.

Senator Helms. You do not think he is a significant black leader over there?

Dr. Smith. I did not talk to him directly. But I might say that, out of all of the U.S. corporations that I visited there, the single black leader that was referred to by every one of them without exception was Chief Buthelezi, whereas when I talked to blacks he was never referred to.

Senator Helms. Maybe the difference between you and me—and I say this respectfully—is that I went over there and I tried to talk to everybody.

Let me ask you, Mrs. May. You have been over there. Do you think it would be a good idea for every Senator on the Foreign Relations Committee to go to South Africa and walk around, ride around, talk to the people and learn for themselves?

Mrs. May. Absolutely, and I will volunteer to be their tour guide.

Senator Helms. Would you have any objection to that?

Mr. Marzullo. No.

Senator Helms. Would you have any objection to that?

Mr. Banovic. No, sir.

Senator Helms. How about you?

Mr. Cooper. No, sir.

Dr. Smith. No, sir. But I would hope that you would go into the resettlement areas where the blacks have been forcibly removed and also not only into the townships, but into the homelands, and to talk with some of the people in those areas, like I did.

Senator HELMS. I did.

Mrs. MAY. I did, too.

Senator HELMS. But you went over there and you did not even talk to Butaleze.

Yes, sir?

Mr. COOPER. I think it is important to note that, with regard to the attempts at forced removal, that it is the U.S. business community that has been fighting that through the American Chamber of Commerce, through their own initiatives, through the statement of principles of the signatory association, and other business initiatives, and also through the legal resources center, which is funded by the U.S. business community.

Senator HELMS. Mr. Chairman, it bothers me that this is a domestic political issue in the United States. It is no accident that this committee is sitting today having hearings on this bill, just a few months before a Presidential election.

It happened a few weeks before the midterm elections in 1986. Now, that is what it is all about.

Now, I said yesterday that Mr. Randall Robinson was invited by the debating forum in London and he was invited to debate Senator Malcolm Wallop. Senator Malcolm Wallop could not go because of engagements and commitments he had made, and he suggested Allan Keys, a former Assistant Secretary of State who is black.

And what do you know, Mr. Randall Robinson did not want to debate a black. He wanted to debate a white.

Now, this debate is really I think in South Africa between the blacks and the blacks as much as anything else. The problem is that those who oppose sanctions are never heard from or about in the major news media of this country. They trot Bishop Tutu over here to make his pronouncements and he is all over television.

But whom do you see from the other side representing the blacks, the leaders of the black opposition parties? None, zilch. And that is the problem.

The American people are not getting both sides of this question. And I submit that this is a political issue, carefully tied to this year's election. And I will bet you that you hear this issue discussed in Atlanta, GA, in July over and over again.

I rest my case.

Senator SIMON. If I could just take the Chair's prerogative here of saying, I hope it is discussed in Atlanta. I hope it is discussed in New Orleans. It was passed in 1986, but we held hearings in 1985. And let me tell you, we are going to hold hearings in 1989, and it is not an election year.

And Bishop Tutu is not taking the stand he is taking because of an election in the United States. Archbishop Hurley or the Roman Catholic Church is not taking a stand because of an election in the United States. The Dutch Reformed leaders in South Africa are not taking the stand they have taken because of an election in the United States.

The Council of Churches in South Africa is not taking the stand it has taken because of an election in the United States.

I have great respect for the sincerity of my friend from North Carolina, but I think he also has to understand that if he and others simply view this as a temporary political issue in the United States, they massively misunderstand the depth of commitment of people in this country to seeing that there is justice.

Senator HELMS. If the Senator would yield, I have never suggested it is a temporary political issue. I am sure that the Democratic Party is going to milk it for everything it is worth.

Senator SIMON. Well, let me tell you, I hope we are joined by a great many Republicans who are interested in justice also.

I do not want to see this become a political issue in the sense that it is a partisan issue. But it ought to be on the front burner of politics in this country. I wish in the thirties there had been people meeting in this room who would have said, "Let us stand up to the kind of racial problems that Hitler had there in Germany." And that is the closest analogy that I can come to.

Senator HELMS. How about Cicero, IL?

Senator SIMON. I am for racial justice anywhere, Senator Helms. And whether it is Cicero, IL, or Raleigh, NC, I am for it.

But I think we have to examine this issue, and if we simply pass it off as a political issue we are totally missing this. The question is justice for a great many people in South Africa who are denied justice, and can the United States simply sit idly by and twiddle its thumbs and issue pious pronouncements and say, "Oh, we are against apartheid," and do nothing more about it?

I do not think we can.

Senator HELMS. Senator, are you willing to go to South Africa?

Senator SIMON. Well, I was scheduled to go there one time, as a matter of fact. I was requested not to because it was shortly before the election there and there was some evidence that my presence might become a political issue. I am scheduled to go there in August.

Senator HELMS. In August?

Senator SIMON. Yes.

Senator HELMS. Well, that is great. Can you take some of your colleagues with you?

Senator SIMON. Well, I would very much like to.

Senator HELMS. Well, you know, since we have gotten into this——

Senator SIMON. And then I am going to have to get over to my office for some appointments here.

Senator HELMS. I think mine still still exists, too. I am not sure. Was it not a fact or is it not a fact that Bishop Tutu endorsed the Democratic Party when he was here earlier this year?

Senator SIMON. I am not aware of it.

Senator HELMS. He did, he did. So, I submit that you would make a good Baptist preacher with your comments about morality and so forth. I think you are one of the most eloquent men I have ever heard.

But the fact remains that both sides are not being given, and the American people do not know both sides.

Senator SIMON. Well, let us talk about both sides. Obviously, I am not eloquent enough because I am not convincing you here.

But one of the reasons that you have isolated black voices speaking up in South Africa is people do not like to be thrown into prison, people do not like to be tortured, people do not like to be removed from their homes.

Senator **Helms**. They do not like having necklaces filled with gasoline put around their necks by the African National Congress.

Senator **Simon**. I will denounce that any time.

Senator **Helms**. Well, let us declare that a terrorist group.

Mrs. **May**. Excuse me, Senator. Can I respond to that, please?

Senator **Simon**. We are going to let you, Mrs. May, get 60 seconds, and Mr. Banovic get 60 seconds, and then we are going to adjourn this hearing here.

Mrs. **May**. No one was in fear of speaking their voice. In fact, they were very vocal, blacks especially, about the way they felt about things in this country.

And as far as being thrown in jail for speaking their mind, I was thrown in jail for demonstrating outside the Soviet Embassy after they shot down 269 innocent people in that Korean airliner. Does that make us a terrorist nation? Does that make us a police state? No.

I was breaking the law and I served my time in jail. I am out and I am speaking as an American citizen.

I mean, you cannot stand in judgment of a country unless you have all the facts of every single situation. It is impossible to generalize. You cannot look at the problem and say it is apartheid and look at the solution and say it is sanctions.

It is much more complex than those two words, and I think that we owe it to that country and to the people of that country to look deeper into it than that.

Senator **Simon**. Mr. Banovic, you get the final 60 seconds here.

Mr. **Banovic**. I hope the honorable Senator Helms is not insinuating that the Republicans that are in support and have taken a stand on apartheid, that it is for a political motive for them as well. And I hope you are not insinuating that one who takes a stand on apartheid can control the press here in the United States.

Senator **Helms**. I am not suggesting any such thing, and you know I am not. I find apartheid repugnant. What we are talking about is not whether apartheid is repugnant. What we are talking about is what is the best way to eliminate it.

And I say that by crushing people with pious legislation over here and destroying jobs over there is not the way to do it. That is what I am saying.

Senator **Simon**. I hate to say it. We are going to interrupt this dialog and we are going to have to adjourn this hearing.

We thank you for being here.

[Whereupon, at 12:56 p.m., the committee was adjourned, to reconvene at the call of the Chair.]

APPENDIX

PREPARED STATEMENT OF DR. WALTER E. WILLIAMS

UNITED STATES POLICY AND SOUTH AFRICA

Long before the international climate made apartheid an untenable policy, South Africa's legalized system of racial discrimination was under attack from within. A small part of the battle was waged on moral grounds by South Africa's decent people both nonwhite and white. A much larger part of the battle was waged, not on decency or the brotherhood of men, but on economic grounds where the stakes were profits and losses.

Legalized discrimination raised the cost of production. Higher production costs associated with "civilized labour policy" meant lower profits than otherwise might be the case. Therefore, white people had systematic incentives to violate, contravene or seek official exemption from many aspects of apartheid law. These incentives became even more compelling during periods of sustained economic growth during the 60's and early 70's when South Africa's growth exceeded that of all western countries.

If the improvement of the conditions of South Africa's nonwhite population is at least partially associated with rapid economic growth, then it would seem that domestic and international policies promoting the same would in the best interest of its peoples. I seriously doubt whether any American, who has witnessed the civil rights struggle here, is prepared to argue that black Americans could have made more economic and political gains during the 1930's depression years than during the booming years of the 1960's.

South Africa has many racial laws offensive to any recognized standard of decency. But anyone wishing to understand any society must distinguish between what the law mandates and what people actually do. For example, one can never know the speed Americans travel along our interstates simply by going to state capitals and reading laws governing the speed limit. He acquires richer knowledge by going to the highway and observing what people actually do. Neither can one get an understanding of life in the USSR and other totalitarian regimes merely by reading their constitutions. What their constitution _says_ and what the regimes _do_ are entirely two different things.

Similarly in South Africa one cannot hope to understand the complexities of their society by reference to the law. For example, the Group Areas Act mandates that Johannesburg is a white city but a population census would reveal that blacks may outnumber whites living in Johannesburg. According to some estimates, roughly one-half of South Africa's black population lives in white designated areas.[1] Similar contravention exists in other areas of apartheid law.

Perhaps due to a change of heart, but more likely due to the reality of the matter, the fact the laws were being grossly violated, South Africa has recently repealed much of its apartheid law.

The Industrial Conciliation Acts of 1979 and 1981 repealed section 77 of the Industrial Conciliation Act of 1956 which established job reservation laws. A key feature of the 1981 amendment was to give official recognition to black labor unions.

The Liquor Act Amendment of 1986 repealed all racially discriminatory provisions that supported segregation of hotels, clubs and restaurants thus permitting (but not requiring) owners to serve a racially mixed clientele.

In 1985 the Mixed Marriages and Immorality Acts were repealed and an amendment was made to the Black Communities Development Act of 1984 which granted South African blacks rights to acquire property in urban areas designated for blacks under the Group areas Act and allow them to convert leasehold rights into ownership rights.

While much remains to be done, it is clear that the recent history of South Africa is movement away from apartheid rather than movement toward apartheid. Moreover, there are people, both black and white, desperately trying to find a solution such as that taking place in Natal's Indaba which are undermined by western posturing and support for people who seek violent confrontation.

Impeding a sounder western foreign policy towards South Africa is its vision of what can help people versus what can hurt. Some of that faulty vision is seen in various pronouncements by members of the United States Congress. Much of this faulty vision is exemplified in Senator Kennedy's article which appeared in the Washington Post (10/16/87) under the title, "The Sanctions Are Working." Kennedy, quoting U. S. South African Ambassador Edward Perkins, says, "As a statement of abhorrence by the American people of a hated system, [the legislation] was an unmitigated success."

Morality commands that we condemn violations of human rights but we must give care to the way we express our disapproval. We can disapprove of cancer but should we express it by chopping off the head of the cancer victim? Whatever the cost of U. S. sanctions to South Africa, a considerable burden was borne by blacks in the form of lost jobs and training opportunities. The Kodak withdrawal was characteristic of the effect. Black workers found themselves on the streets; however, white managers, due to managerial scarcity in South Africa, soon found themselves reemployed elsewhere. Blacks who were being assisted by Kodak's giving them training in order to become businessmen had to tell their wives and families the game was called off by their U. S. "benefactors."

Sanctions and Disinvestment

Perhaps aware that sanctions or disinvestment is not in their interest, most South African blacks are pro-investment. Schlemmer finding in his survey that 75 percent of blacks were pro-investment reports that there was "virtually no support among black workers" for total disinvestment.[2]

Added to this finding, there are significant black leaders who have come out against sanctions. Most notable among these is Chief Mangosuthu Buthelezi, chief administrator of KwaZulu, the homeland of 7 million blacks. Reverend Barnabas Lekganyane, the spiritual leader of the Zion Christian Church whose membership is estimated to range between 4 to 6 million blacks, has spoken out against sanctions and disinvestment. Reverend Mokoena, head of the association of Independent Church with an estimated membership of 2 to 3 million, has spoken out against disinvestment. All the urban councils and homeland leaders have spoken out against disinvestment. The South African Catholic Bishops Conference, who originally called for sanctions against South Africa has now reassessed its position recognizing that those who are responsible for the evils of apartheid are shielded from the effects of sanctions.[3] Even the strongest supporters of sanctions like Reverend Allan Boesak have begun to distance themselves from sanctions, as evidenced on a BBC broadcast, where Boesak said sanctions are currently very low on his and Tutu's priority list.

Before pressing on with sanctions legislation, it would be reasonable for Congress to search for evidence which might support the allegations of those who say there is widespread black support for the U. S. to strengthen or continue its sanctions policy. Moreover, quite interestingly, Senator Kennedy did not receive a warm black reception on his trip to South Africa. Black Africans correctly discerned his "concern" for them as a means to curry favor with the black vote in the U. S.

U. S. Standing with Other African Countries

Another view of sanctions is that as Senator Kennedy says, "[sanctions will] restore the good standing of the United States to the rest of Africa." Kennedy cites praise from Robert Mugabe, Prime Minister of Zimbabwe who thanked the Congress "for a job well done; the sanctions have assisted us greatly," and Kenneth Kuanda, President of Zambia, who praised sanctions as "the most important and eloquent statement of moral condemnation in a decade."

Accepting praise from men like thse is like accepting praise from Hitler. Robert Mugabe's Shona people have been waging a genocidal war with Joshua Nkoma's Ndebele people since shortly after independence. Mugabe has maintained a state of emergency, similar to that which exists in South Africa, since independence. Kenneth Kuanda presides over a one-party Marxist state where human rights do not flourish. International Amnesty has documented black oppression all over the African continent in places like Uganda were 500,000 blacks were slaughtered by Idi Amin and successor regimes. In the Central African Empire blacks were not only slaughtered but served as food for the president. In Ethiopia massive slaughter goes on at this very moment. One wonders about the merit of the U. S. trying to maintain good standing with these brutal regimes and condemn South Africa which, though culpable of human rights violations, has no similar record.

The lesson we should have learned from the continent of Africa is that black sovereignty is not necessarily the same as black freedom. This observation is not an argument to minimize the cruelty of apartheid. It is an argument to say that we should be careful in our policy because South African blacks can be made worse off. Consider the economic story.

There is considerable poverty in Soweto. However there is no misery of the kind found in Addis Ababa, Kinshasa or Karachi. Indeed the standard of living of a Soweto worker might look good to a Russian unskilled worker in Kiev much less the slum dweller in the shanty towns that surround Lusaka, Nairobi or Algiers. To put the comparison in greater perspective, the annual per capita income of an urban black South African is $1,500 and that in Communist China is $300.

Another part of the comparison is that South African blacks have some freedoms that might be envied by most of the world's population. Black activists like Chief Buthelezi, Winnie Mandela, Bishop Tutu, Allan Boesak and many others are interviewed in the domestic and international news media where they roundly condemn the South African government. When they travel abroad, they participate in the same criticism and condemnation denouncing the government as racist and fascist. Within days, weeks or years, we see them once again denouncing their government. We gain some appreciation for their freedom by asking ourselves whether government critics like Lech Walesa and Zbignew Bujak can do the same in Poland, whether Sakarov could have done the same in Russia or Bishop Muzorewa and Joshua Nkomo in Zimbabwe.

None of these observations are to suggest that apartheid is less immoral. It is to suggest that apartheid is not the worse thing on earth and care is required in seeking a solution. In other words, we can let any old fool make recommendations on what to do to a cadaver and have very little apprehension of downside risk because the cadaver cannot be made worse off. But if we have a person with any signs of life we should be more discriminating because the person can be made worse off—dead.

The Sanctions Are Working

Senator Kennedy says the U. S. sanctions are working. As evidence he presents the fact that during the life of the sanctions: the Dutch Reformed Church has turned against apartheid; the Broederbond, the secret society of South African elite began talking "openly" about power sharing and 300 faculty members of Stellenbosch University broke from the National Party. Senator Kennedy is technically wrong about the Broederbond. The fact of the matter was the Broederbond wrote a secret internal document which was leaked to the press and the Broederbond was embarrassed by it becoming publicly known.

Aside from this fact, the causal argument that Kennedy, as well as others, offer has all the explanatory power and sense of inquiry as the person who observes the rooster crow every morning and shortly thereafter observes the sun rising and from those two events move to say the rooster's crowing causes the sun to rise.

Before the U. S. sanctions, there were numerous reforms taking place. After sanctions the number of reforms diminished. Should we conclude that since the number of reforms are less after sanctions that no-U. S. sanctions brought about more reforms? Moreover, after sanctions there has been a consolidation of more power in the hands of the State President, the Progressive Party's loss as the official government opposition party with Conservative Party taking its place. Have U. S. sanctions caused this and if so, does it mean that sanctions are working? The large events that have occurred in South

Africa have nothing to do with sanctions; it is arrogant of us to contemplate otherwise.

Disinvestment's Moral Dilemma

A moral dilemma confronts proponents of disinvestment. Church and college officials disinvest when they sell their asset portfolio holdings of companies with subsidiaries in South Africa. After the transaction has been made (selling the stock), the stock certificate still exists; only its title has changed. That is, a church or college no longer owns it; somebody else does.

The moral dilemma is: how moral is it that in order to cleanse your soul in a fashion that necessarily requires you to get somebody else to dirty his? In other words, a church minister can purge the church's holding of "evil" IBM stock only if he succeeds in getting someone else to form an alliance with the devil.

This kind of dilemma is analogous to the repentant slaveowner who satisfies his craving for justice by selling his slave. The more moral action would be that of freeing his slave. The personal wealth losses from doing so would be good evidence of the owner's moral commitment. Disinvestors could make a similar show of moral commitment by "freeing" their stock certificates e.g., putting them in shredding machines or the fireplace. So far, to my knowledge, disinvestors have not shown a tendency for this kind of wealth reducing moral commitment.

Conclusion

There are no easy answers to what South Africans must do in order to move to a post-apartheid state where human rights for all its citizens are protected. It is even more difficult for Americans to find ways we can constructively help the process. Since South Africa is a sovereign nation like us, there is very little we can do about their domestic policy. Those ways that we can help South African blacks, like American firms doing business in South Africa providing jobs, training and social services to blacks, are being condemned and restricted.

It is my opinion that economic growth is a friend to blacks. Therefore, strong voluntary investing by private persons and companies is likely to help blacks more than all the moral posturing in the world.

Notes

1. "The Crumbling of Apartheid," Leadership, Vol. 4, No. 4., (1985).
2. Frances Kendall & Leon Louw, After Apartheid: The Solution for South Africa (San Francisco: Institute for Contemporary Studies Press, 1987), p. 225.
3. See, "Report to Bishops: Sanctions Counterproductive," The Wall Street Journal (2/11/87).

PREPARED STATEMENT OF SENATOR SIMON

We are here today to review the Administration's recent report on developments in South Africa and to discuss the future of U.S. policy toward South Africa.

One year after the historic enactment by Congress over a presidential veto of effective measures against apartheid, the President has sent to the Congress a report that rejects additional sanctions, that continues to reject the utility of sanctions altogether, and that fails to offer a meaningful alternative policy. In my judgment, the President has failed to comply with the spirit and the letter of the Comprehensive Anti-Apartheid Act, which requires him to recommend additional sanctions if, as he has reported, there has been no "significant progress" by the South African government in ending apartheid.

Sanctions were enacted, first and foremost, to correct the misdirected approach of constructive engagement and to send a message to black and white South Africans of our unequivocal opposition to apartheid and our resolve to act to bring about its demise. Make no mistake -- in sending that message, the sanctions have been an overwhelming success. Sanctions have restored our credibility -- so badly damaged by constructive engagement -- as a nation committed to freedom and justice for all people. It is sanctions that have communicated to black South Africans that the American people and their elected representatives in Congress stand with them in their struggle for freedom. Moreover, sanctions have helped to improve our image among states in the region and throughout the continent.

The Administration has underestimated the positive value of sanctions in connection with positive developments in South Africa's white community. The significant fissures in the Afrikaaner community, the emergence of extra-parliamentary groups like IDASA (the Institute for a Democratic Alternative for South Africa), the statement by the Dutch Reformed Church repudiating apartheid, increased contacts between white South Africans and the African National Congress, the emergence of Independents in Parliament, and the meeting between the Chairman of the Broederbond and ANC officials are all very significant and positive developments, the kind of movement which sanctions help to encourage.

Sadly, this report is the evidence of the Administration's refusal to abandon constructive engagement. Even the Secretary's own Advisory Committee said in January, "The Administration's strategy of constructive engagement has failed to achieve its objective." "Active and creative diplomacy," as the Secretary of State described it in a recent speech, means all talk and no action. Diplomacy cannot succeed without the pressure that makes negotiation possible.

This report shows that the President has missed the point. This Administration simply has not come to terms with the fact that positive developments have occurred in South Africa not because of a generosity of spirit, but because of the internal and external pressures that force people to recognize the need for change.

The Anti-Apartheid Act began a process of increasing pressure on the South African apartheid regime, a process which we now need to build upon. As a next step, we need to develop comprehensive sanctions and make serious efforts to persuade other nations to impose strong sanctions.

The Secretary of State's Advisory Committee concluded that "the most effective external pressure will come from a concerted international effort. We recommend that the President begin urgent consultations with our allies (especially Britain, Canada, West Germany, France, Japan, and Israel) to enlist their support for a multilateral program of sanctions drawn from the list of measures included in the Anti-Apartheid Act of 1986."

We should be moving ahead in this direction.

I wholeheartedly agree with my distinguished colleage, Senator Kennedy, who said in his recent Washington Post op-ed piece, "President Reagan should be making a greater effort to persuade our friends and allies to join us in new initiatives against apartheid. To unify the industrialized nations of the world in a common anti-apartheid policy is the next step."

What is the President's response? A veto of United Nations sanctions patterned after our own sanctions program and, more broadly, a disdain for exercising genuine leadership against apartheid in the international community.

We have a big problem in our South African policy today. The problem is not sanctions. The problem is lack of Presidential leadership. President Reagan is not prepared to move in the right direction. He is not prepared to abandon constructive engagement. He is not prepared to take the practical steps necessary to persuade our friends to move boldly with us.

And that is why Congress acted the first time -- on a bipartisan basis -- to enact these sanctions. Principles mean nothing unless we find practical ways to act them out. The President keeps telling us that the United States abhors apartheid. But, in this report, he has failed to do anything about it. The President has, once again, left Congress to lead. We, on behalf of the American people, fully accept that challenge.

PREPARED STATEMENT OF CHESTER CROCKER

I welcome this opportunity to testify on United States policy towards South Africa. I would also like to commend to your attention Secretary Shultz's speech of September 29 and my address on October 1 in White Plains, New York, copies of which are appended to my prepared statement. Taken together with the actions of the President in receiving President Chissano of

Mozambique on October 5 and the Chairman the Front Line States, President Kaunda of Zambia, on October 8, they constitute a comprehensive iteration of U.S. policy towards South Africa's domestic and international situations.

As you are aware, we have severe reservations regarding the use of broad, punitive sanctions as an effective means of hastening fundamental change in South Africa. We have nonetheless fully implemented the Comprehensive Anti-Apartheid Act and devoted substantial resources to monitoring its impact on South Africa. The sobering conclusion of the President's Report October 2 is that the sanctions enacted last year have produced no significant progress towards ending apartheid.

Worsening Political Climate in South Africa

Indeed, we have seen a worsening of the situation in South Africa during this period. The state of emergency has been renewed, restrictions on the press have been intensified, official harassment and detention of anti-apartheid activists has remained harsn and unrelenting. Leaders of the black opposition remain in jail while increasing numbers of their followers have regrettably accepted the thesis that violence is the only option left for achievement of meaningful change in South Africa.

In May, South African whites voted in unprecedented numbers for parties who oppose even cautious reform and whose policies generate strong antipathy in the West. Government reforms, which already lagged far behind black aspirations, have virtually ground to a halt. The inescapable conclusion is that we are no closer today than a year ago to achieving the seven objectives -- objectives which we fully share with Congress -- laid out in the Comprehensive Anti-Apartheid Act.

Elements of Hope in South Africa

Despite these harsh realities, there continue to be glimmers of hope across the South African political landscape. Over the course of this decade, South Africans of all races have come to realize that change is inevitable and that a peaceful transition to a truly representative form of government can only be brought about through negotiation and compromise.

The Dakar meeting earlier this year between the ANC and leaders of the Afrikaner community was a bold attempt to break down the barriers to communications upon which apartheid depends. The Indaba experiment in Natal is another hopeful example of whites and non-whites working together towards genuine power sharing. Leading Afrikaners from the Dutch Reformed Church, the Broederbond, Afrikaans-speaking universities and certain elements of the National Party itself have broken with apartheid orthodoxy and are prepared for dramatic realignments of political power provided that essential rights and freedoms are safeguarded. These trends, most of which took root in the 1980s, remain a powerful force in South African white politics which we must encourage..

Negotiating a Democratic Future

Our actions in South Africa should proceed from and build upon the facts of the situation and our own strong convictions. Secretary Shultz took an important step in this direction in his speech September 29 when he spelled out in detail our vision of a democratic future in South Africa. Our vision includes a new constitutional order guaranteeing basic political freedoms and safeguarding human rights, the institution of a democratic and representative form of government and the establishment of economic rights for all South Africa's citizens.

These ideas are not an American constitutional plan for the post-apartheid era. Rather, our ideas are meant to challenge all protagonists in the crisis to confront seriously the imperatives of dialogue, negotiation and compromise. It is not within our power to impose a solution to South Africa's problems, but we do have an obligation to make it clear to all sides exactly what we stand for as well as what we are against. Specifically, we can and we must encourage white South Africans to shift their attention from immediate problems to the search for a long-term political solution. At the same time, black South Africans need to bring into sharper focus their broadly-defined aspirations for liberation, freedom and dignity. All sides must understand that violence only increases the likelihood of a catastrophic outcome in South Africa.

A Comprehensive Policy Approach

While last year's sanctions have reduced our access to and leverage with the South African government, they now form part of our overall policy approach to South Africa. The President's policy has long included carefully-targetted sanctions, diplomatic, political and economic pressure, and an active U.S. presence, governmental and non-governmental, on the ground in South Africa.

Diplomatic pressure has been used effectively, for example, to discourage South Africa from bellicose posturing vis-a-vis its neighbors, to obtain the release of detainees, including children, and to ease at least some of the harsher restrictions of the apartheid system.

Political pressure has also yielded results when, as in our firm refusal to recognize the so-called homelands, it denies legitimacy to the apartheid system. The message is amplified when we meet with leading opponents of apartheid, when Secretary Shultz presses all sides to abandon hardened, non-negotiable positions, and when we insist that the South African government has a special responsibility to initiate a process of confidence building and reconciliation. Our political pressure is best summarized in the words of President Reagan when he declared: "The United States cannot maintain cordial relations with a government whose power rests upon the denial of rights to a majority of its people based on race. If South Africa wishes to belong to the family of Western nations, an end to apartheid is a precondition."

Our multifaceted policy requires contact with all actors in the South African drama. As white South Africans come to share the democratic goals laid out in Secretary Shultz's recent speech, we have an obligation to lend them our support and encouragement. If they reject our premise, we must confront them with the force of our ideas and our refusal to disengage. More, rather than less interaction, is essential if we are to make our influence felt. Ostracism simply encourages the hardening of policies.

Aiding Apartheid's Victims

An essential component of our policy is vigorous involvement in assisting the victims of apartheid. The aid program we initiated early in this Administration reaches out to all elements of the disenfranchised majority. This program was authorized at generous levels but was seriously underfunded last year at less than a third of the amount authorized by Congress. It deserves strong congressional support. Encouragement to U.S. businesses in South Africa is another way of ensuring that Amercians contribute to the economic empowerment of South African blacks. The growing leadership and organizational skills of black organizations -- labor, business, religious and cultural -- have already done more to alter the basic premises of apartheid than any combination of punitive measures could hope to accomplish. It is important that these black organizations have a fully engaged ally in South Africa in U.S. employers and other U.S. entitites committed to promoting equal opportunity, developing managerial and technical skills, building black economic muscle, and pressing the South African government to end discriminatory practices.

Because the turmoil in South Africa has repercussions beyond its borders, neighboring states are also at risk. Our economic and strategic interests dictate an active and vigorous U.S. effort to assist these nations as they work to reduce their vulnerabilities to South African counterpressure. Congress has a leading role to play in this regard.

The Need for American Consensus

Mr. Chairman, there can be no doubt about American opposition to the brutality, degradation and sheer wastefulness of the apartheid system. Now more than ever, U.S. policy towards South Africa needs to be steady, coherent and bipartisan. We have an obligation to speak clearly because we Americans agree overwhelmingly on what we oppose and what we favor in South Africa. We also have an obligation, when there is such a consensus, not to make matters worse in South Africa by conveying a false impression of American division and partisan wrangling. I believe that we -- the Administration and Congress -- are finding common ground and can work jointly to promote our shared goals.

PREPARED STATEMENT OF EDWARD L. PALMER

I bring you greetings from America's heartland, the Midwest. It is fitting that in a democracy, the citizens as well as the experts have an opportunity to speak on issues of importance to our nation. We do Thomas Paine proud. We in America's heartland are ordinary people; however, we are a curious people. We like straight talk and when we get straight talk, we are prone to say, "Let the chips fall where they may." When the questions of sanctions on any country is raised, being an inquisitive people we ask "why?" I support comprehensive sanctions and my rationale mirrors that of 57 percent of the public and 79 percent of leadership favoring economic sanctions to help end apartheid in South Africa. These statistics are the results of a Gallup survey conducted in October through November of 1986 for the Chicago Council of Foreign Affairs.

The American people are curious, but we are also fair. Again, why sanctions? I suggest that most Americans would agree with Secretary of State George Shultz when on September 29, 1987, he said, "I share the anger that all Americans feel when children are thrown into detention without charges and are physically abused."

We Americans believe in fair play, and I suppose secretly cheer for the Davids of the world against the Goliaths. The Chicago Tribune recently reported on the plight of the South African family at the hands of local police. When we read about grown men shooting bullets into crowds of children, breaking into homes of black South African families, dragging women out by their heels into the cold night, leaving unattended babies crying and wailing, then Americans say, "We must do something." For those reasons, last year, Congress and President Reagan enacted limited sanctions.

Senators, you represent the people and the people have spoken. Our government has imposed comprehensive sanctions on other regimes: Cuba, Libya, Iran, and Poland, now we ask: Why is there reluctance to impose comprehensive sanctions on South Africa, a government engaged in a war against the majority of its citizens, and worse its children? I share Secretary Shultz's anger over the physical and mental abuse inflicted by the South African government. We differ, however, over the remedy. We are aware that sanctions are not a panacea. Further, there are indeed sanction violations, and black South Africans, in their fight for freedom, seem more than willing to pay this price for a free and just society. The Organization of African Unity which most logically represents all Africans has also called for comprehensive sanctions, and the Rev. Leon

Sullivan last year agreed that comprehensive sanctions must be applied. Medicine by its very nature tastes bad, but if a cure is to take place then sometime suffering is part of that price. We Americans know that no price is too high for freedom.

I disagree with the presidential recommendations: "...that it would be futile to impose additional measures" on South Africa. Sanctions work; they can foster progress and change. Professor Elizabeth Schmidt from Macalester College has completed a case history on the impact of sanctions on Rhodesia, now Zimbabwe, which was forced by sanctions to abandon a whites-only political system. In extensive interviews with Professor Schmidt, Rhodesian businessmen with first hand experience stated that sanctions were effective. Inside South Africa, the government attempts to portray sanctions against its country as a failed policy. However, the South African business community, which responds to the market place and directly feels economic pressure, has pleaded for the removal of sanctions. If our limited sanctions were not working, we would not have this outcry from the South African business community. In fact these sanctions are working. Prominent South African business leaders joined the historical trek to Dakar, Senegal, and opened channels to the African National Congress.

While the President's report is wrong about the effect of sanctions, I do welcome the President's decision to articulate America's vision for the post-apartheid era in South Africa. His report refers to "a new constitution for a united South Africa establishing equal political, economic and social rights for all South Africans without regard to race, language, national origin or religion" and continues "it is not up to white South Africans to decide which black South Africans should sit at the negotiating table. That is for black South Africans to decide." I believe the Congress' action to impose sanctions forced the Administration to make this straightforward, and to many of us obvious, statement. It was not seven years of constructive engagement which brought about this statement of America's hopes in South Africa, but rather one year of limited sanctions imposed by the representatives of the people of the United States.

What are the other accomplishments of limited sanctions in the past year?

First, the word "sanctions" has been given credibility by the world's most powerful economy and nation. Other nations have had to react to our leadership. A New York Times article of October 18, 1987, titled "Britain Assailed in Commonwealth," reported that while Britain remained opposed to will of its 47 commonwealth partners on the issue of comprehensive sanctions, Prime Minister Thatcher did agree to support the economic and security requirements of Zambia, Zimbabwe, and Mozambique, some of the key Front Line States which face South Africa. She specifically agreed to provide military training to counter South African military and covert destabilization. Without our having put sanctions on the table, would Britain have gone this far? Would the Commonwealth nations have made a commitment to increase aid to the Southern African front-line state, specifically to rebuild and protect rail and transportation links which decrease dependence on South Africa?

Sanctions provide a world wide rallying cry against the darkness and ignorance which infect South Africa's leaders and elite. Scales are beginning to fall from their eyes. Thus, while South African miner's did not win a clear victory in their recent strike, South Africa's multinational mining companies were obliged last month to admit that their workers had the right to live with their families near the mines; that black workers had the right to a home and family life. This is a start.

Turmoil brings pain but it also brings change. Until the struggle in South African reached its present peak, there was no talk of change, just more of the same: pass book laws, destruction of the family unit, the shooting of women and children. Sanctions have shown white and black South Africans that the world cares. Even in the darkness of South Africa, with its press blacked out, a candle of hope, solidarity and support called sanctions has been lit.

Yet candles are not enough; words are not enough; now is not the time for the faint of heart or for glib satisfaction. For as South Africa continues the war against its own children, we must continue to act to end the evil system of apartheid which has triggered that war. Unfortunately, the Administration has said no more actions need to be taken. I believe additional steps are necessary.

In consultation with Senator Paul Simon's Advisory Committee on Southern Africa and with the assistance of board members of the Black Press Institute, I offer the following recommendations.

I. Impose uniform comprehensive sanctions.

II. Prohibit all trade transactions with the Johannesburg stock exchange.

III. Prohibit all travel to South Africa with the exception of journalists and educators.

IV. Request a study by GAO to ascertain whether South Africa has violated the Nuremberg principles, the terms of the 1948 Genocide Convention, the four Geneva Conventions of 1949 and the United Nations's declaration of the universality of human rights.

V. Initiate legislation to bar the importation into the United States of any goods or products manufactured or produced by a Japanese corporation that is doing business in or with South Africa. (Japan has increased its trade with South Africa by 25 percent as American companies comply with limited sanctions.)

VI. Increase aid to Southern Africa Front Line States with special emphasis on transportation, communications, and health care.

VII. Convene an international conference on "effective sanctions" with nations presently supporting sanctions, to co-ordinate information and devise strategy for greater effectiveness.

VIII. Review recommendations included on the article "South Africa: What Is To Be Done," Foreign Affairs, 1975 by Professors Ferguson and Cotter.

I have first hand experience with the genocidal war in South Africa. I have met with its victims. Many of them have been guests in my home, where they enjoyed short rests before continuing their struggle. I have contributed to that struggle in small ways such as by working to enroll some of their children in American universities and colleges. I have diverted energy on behalf of these oppressed South Africans, despite my honest desire to use this energy to fight in this country against the vestiges of racism - an awful blot in our own life for which the Rev. Martin Luther King gave his life.

I am not an expert on South African Affairs but I have travelled to Zambia and Zimbabwe and I can tell right from wrong and barbarity from humanity. I was with Bishop Tutu in Chicago's Daley Plaza, with Senator Simon and Mayor Washington, and gave him a poster proclaiming our support. I heard Bishop Tutu plead to the world for comprehensive sanctions.

I have been indicted in this country for my opposition to South Africa. I had the only jury trial in the United States on South African conduct. I was charged with trespassing against the South African Consulate. My jurors were predominately white, working people. As the trial proceeded, all of the jurors learned about the plight of black South Africa. At the trial's end, in which I and others were vindicated, an elderly white juror whom I had earlier believed to be hostile came up me and asked, "Where do I go to join the picket?" This is America at its finest. Both she and I want to stand with the majority of the world, for justice in South Africa.

PREPARED STATEMENT OF DR. ALAN L. KEYES

The debate on South Africa has been characterized by strong moral passion and indignation. The wave of emotional opposition to apartheid reached it first crest last fall with Congressional passage of a bill establishing limited economic sanctions against South Africa. This signaled a series of disinvestment decisions by major U.S. investors in South Africa. The sanctions bill temporarily slaked the moral passion aroused in the US by the issue of US relations with South Africa.

Presumably that was not its only purpose. The supporters of the sanctions bill argued that it was the best use of US leverage against apartheid. By bringing this form of pressure to bear against South Africa we would make clear America's unequivocal opposition to apartheid. We would strengthen anti-apartheid forces in South Africa. We would grasp the last chance to do away with apartheid without a violent cataclysm.

The sanctions bill was presented as somehow serving the cause of peaceful democratic reform in South Africa. Yet in the months since its passage every negative consequence predicted by the opponents of the sanctions approach has come to pass.

Black workers have been adversely affected by the stampede of disinvestment touched of by the sanctions legislation. When GM sold its South African subsidiary to local interests, 1,800 black workers -- nearly the entire blue collar work force-- went on strike. GM called in police to evict the demonstrators, fired 785 workers, and finally ended the strike after three weeks by threatening immediate dismissal.

When Ford's local subsidiary merged with a locally owned car company, it promised no large-scale retrenchment. But the new company closed Ford's old auto plants in the Port Elizabeth area, leaving more than 3,000 workers to add to the city's extraordinarily high unemployment rate. According to the New York Times, "By some estimates, the Americans' withdrawal has cost 100,000 jobs in local companies that used to work for them.

The great majority of departing US companies have continued selling products to South Africa, while abandoning so-called "Sullivan code" pledges to press for black advancement and change in white attitudes.

With a few exceptions, like IBM, which has sold share-convertible "points" to all employees, "divestors" have sold out to white South Africa managers who are under far less pressure to liberalize hiring, training, promotion or political affairs strategies.

Ownership of capital assets in the South African economy has been further concentrated in the hands of the indigenous white establishment.

Barclays National Bank, one of the largest foreign investors and the largest commercial bank in South Africa, has pulled out, selling its remaining assets to its South African partners. The sale allows South African investors to regain control of the country's biggest bank for the first time in 61 years.

One South African merchant bank is using the list of Sullivan signatories as a marketing tool to locate potential buyouts. Some white investors have made millions buying the assets of the 75 US firms that have pulled out in the last two years.

Projects in education, training and community improvement funded by major foreign investor's have been damaged or eliminated.

Black-white polarization, as well as tension and violence within the black community have increased.

In backlash against international pressure government repression has increased. Pro-reform forces within the government have been marginalized, or have gotten out. Remaining hardliners, no longer even minimally sensitive to external opinion, have had a free hand.

In the second week of April Pretoria announced a decree that bars virtually any public call fort the release of people detained without charge under a 10-month old state of emergency.

The government has clamped down on the press and other forms of free expression. Implementation of measures for racial discrimination in schooling and housing, which had been eroding in some areas, are now being more strictly enforced.

Forced removals of blacks from their homes in some urban areas, which the government pledged to halt two years ago, have once again become an issue.

Such movement as there was toward change in the white community has effectively ceased. The recent elections show a strong trend toward the hard-line, pro-apartheid right wing parties among the white electorate. Hesitant openness to change appears to have given way to fear and stubborn racism.

The election has given rise to bitter reactions in the black community in South Africa, as well as sagely despairing prognostications in the American media. The voices of ignorant passion and false expectations are becoming the prophets of furious indignation and equally false despair. Just as many of it's opponents predicted, the sanctions approach has not been the last alternative to violence, but rather an encouraging prelude to deeper polarization and eventual civil war.

In the face of the predictable failure of the sanctions currently in places, some now call for a new round of even tougher sanctions measures. Before they are once again carried away by thoughtless, emotional appeals, the American people and their representatives in Congress would do well to consider the consequences of what they have already done, and the enormous costs of persisting in this course of self-righteous folly.

America is well down the dead-end road of irrelevance to any process of relatively peaceful, democratic reform in South Africa.

The only way to sustain the sanctions approach would be through a program of multi-billion dollar assistance to South Africa's neighboring states- a program far beyond our capacity in ordinary times, and certainly out of reach during this period of severe fiscal constraint.

Given the conflicts going on in the region, any program of massive assistance to the neighboring states would imply some kind of security commitment as well. Thus the sanctions approach, far from being part of a strategy for encouraging relatively peaceful change, would in effect become a policy of U.S. support for one side in a debilitating regional war.

The label promises a remedy, but the pills contain poison. Poison for the economic power and organizational strength of blacks in South Africa. Poison for the proponents of democratic change in South Africa. Poison for the effectiveness of U.S. policy toward South Africa.

Disinvestment threatens the major tools of black activism against the structures and effects of apartheid, unions and consumer activism. As Les Waldorf wrote in the "New Republic" magazine "Although disinvestment affects relatively few workers, these workers are among the most unionized in the country. The plant closures following Ford's merger left one-third of MACWUSA and one-fifth of NAAWU members jobless, thereby weakening two of the most militant trade unions in the Eastern Cape....Disinvestment also threatens another tools of nonviolent resistance to apartheid. Last year consumer boycotts evolved into a nationwide strategy fort pressuring white businessmen to oppose apartheid....But such actions are only sustainable where the community has disposable income- which disinvestment is likely to reduce."

By weakening the tools of nonviolent resistance, disinvestment encourages the cycle of repression and violence in South Africa. In a speech before a symposium on liberalism sponsored by the South African institute of race relations, Ken Owen, one of South Africa's leading journalists and editor of the influential journal "Business Day" painted a grim picture of the future to which this cycle must lead. "A threatened sovereignty protects itself", he observed, "even limited sovereignty does so. Where protection of the security forces fails, as in Kraaifontein, armed white civilians start shooting....A new pattern is emerging, in bits and pieces....An irresistible force, the radicalization of the black population, is running into an immovable object in the shape of the white security forces. Both white and black communities are retreating into fortresses, and conflict occurs on the margins." Owen portrays a South Africa of armed gangs, brutal repression by security forces, areas controlled less by any organized government than by armed militias, dealing out death and retribution according to their own arbitrary whim. This is the portrait of a South African Lebanon, in which the forces that might shape the country's more positive destiny are ground to nothing between unyielding extremes of violence.

If this is the future Americans want to help bring about in South Africa, the sanction approach is the way to achieve that goal. If the goal is a more positive one, aimed at helping to build a democratic, healthy society in which all people participate equally, regardless of race, and from which all can benefit, then we must think again.

Nothing threatens the prospect of a positive future for South Africa more than the cycle of brutal government repression and violence that has intensified during the past two years. To create room for the positive forces of transformation in South Africa to work, this cycle must be broken. Yet on all sides suspicion, anger and fear fuel its momentum. Blacks argue that violence is inevitable and justified in response to government violence in violation of fundamental human rights. The government argues that repressive force is needed to maintain order when confronted by terrorist attacks.

South African authorities have frequently insisted that opponents of apartheid, in particular the ANC, renounce the use of violent means. P.W. Botha has made such renunciation his key condition for the release of symbolic ANC head, Nelson Mandela. Proponents of the ANC's tactics argue that as long as the South African government wields the power of the police and the military in South Africa, black renunciation of violent tactics would mean permanent surrender to apartheid. Though most South African blacks do not favor the use of violent tactics, the pro-ANC arguments strike a logically responsive chord.

As in most such situations the obvious solution to this dilemma lies in a mutual renunciation of violence, on terms that assure all sides against abuses and violations by others. But the South African situation poses a more difficult problem than usual because what is needed is a domestic truce, involving a government that cannot simply renounce its basic obligation to maintain order within the society as a whole. The problem is that the government's abuse of its powers has led to widespread distrust of its ability to meet that obligation fairly, distrust that prevails both inside of South Africa and without.

If the South African government is serious about reducing the threat of violence to South African society, it must first address this problem of distrust. If it does so credibly, the demand that others eschew violence could receive effective support. Thus it would be possible for an agreement to be reached on the basic rules of the game for the duration of South Africa's period of democratic transformation.

Such activism will not be possible in the context of a simply hostile relationship with the South African government. Already the government is threatening steps that will isolate groups working for change from external support. The hostility encouraged by the sanctions approach has sharpened these threats.

Therefore a realistic relationship with the South African government is a prerequisite for effective policy.

We cannot work exclusively through the South African government, nor do we have to. But we cannot maintain positive influence through a simply hostile relationship.

The government claims that it is still committed to reform. We should devise effective means to test these claims.

We wish to encourage dialogue among the various elements of South African Society. The recent white elections demonstrate that the present South African government enjoys the support of the majority of the white community. Without effective relations with this government efforts to promote dialogue will clearly have little practical result.

Apartheid is the enemy. Insofar as the government enforces the apartheid system, insofar as it abuses governmental power in support of it, we must oppose its actions. But insofar as such opposition becomes total opposition to any relationship with the government, putting the U.S. in a purely adversarial position, we become irrelevant to prospects for democratic change in South Africa.

Realism about our relationship with the South African Government must be accompanied by strenuous efforts to develop effective, sustaining ties within the black community.

We have for too long been prey to the myth that these are mutually exclusive approaches. Proponents of sanctions encourage us to concentrate on a minority of black leadership, virtually ignoring the diversity of the black community. We should resist this tendency.

As noted again the the report to the Bishops' Conference "it seems logical that black people desperately want an end to the oppression of apartheid, and are willing to endure some hardship to see this happen. It seems however that if the policy is likely to produce a loss of their vitally needed jobs, most blacks prove to be tentative about pressing the issue. The Commission concludes from this report that it cannot be said that blacks favor sanction and are prepared to endure the hardship, a view apparently held by a minority only, for when the stark reality of loss of jobs is presented, then quite humanly, this specter forces the preference for sanctions into the background."

A survey by Professor Lawrence Shlemmer of Natal University of the 11 major opinion polls taken among blacks in the past three years suggests three conclusions:

1. Blacks adamantly oppose apartheid and welcome pressure on the Government.

2. Blacks oppose measures that increase their economic burdens.
3. Blacks oppose measures that would decrease jobs in the modern sector.

Professor Shlemmer concludes that "The full range of surveys leads one to the conclusion that at this stage only a minority of about one-quarter or less of rank-and-file Blacks in major metropolitan areas (less if rural black are included) would support total disinvestment or full economic boycotts".

We are told that South Africa's black are desperately radicalized. But, an article in the April 1 edition of the Christian Science monitor suggests a different reality. "For poorer blacks who flocked to the urban townships in search of work, to lash out against a powerful and determined state is a luxury that takes a distant second place to the struggle to work, eat, earn and provide....Those blacks with jobs have jobs to protect. because of the most successful of the government's race-policy reforms- the legalization of black labor union membership- these workers also have reason to expect that working within the system is the surest way to increase their earnings. And urban blacks who are middle class, or about to be, have a greater stake to defend."We must devise policies that reach out to and work with black holding these views. Obviously Black South Africans are determined to defeat apartheid, but they are well aware of the sources of their real strength in the struggle against it. Our policies should reflect, rather than ignore this awareness.

The proponents of the sanctions approach argue that the cycle of repression has gone beyond the point where a positive approach can be effective. They argue that only the pressure of sanctions can have an effect.

But the effect of sanctions has been counter productive. By destroying the nonviolent means of struggle against apartheid, and encouraging violence, the hopeless view becomes a self-fulfilling prophecy. The media in this country contributes to the impression of despair. They focus mainly on the most bitter, pro-sanctions leaders in South Africa, virtually ignoring more moderate elements. They refuse to report or give attention to Americans, myself included, who speak out against sanctions and offer a more positive alternative. They have granted a virtual monopoly of public attention to the voices of blind passion, the proponents of negative, destructive approaches, the architects of confusion and false despair.

The situation in South Africa has become more deeply troubled, more dangerously polarized in recent months, partly as a result of the sanctions approach. To discourage further deterioration we should reexamine our own actions and policies, we should reverse those steps that have helped to make our actions and policies part of the tragedy.

The greatest loss of our mistaken approach has been that bad policy drives out good. For example, because of the adoption of sanctions we were in no position to influence the South African government's response to the Indaba constitutional proposals. This blueprint for a multiracial, provincial government in Natal, worked out through negotiations among the various racial groups, offers a clear path of hope for South Africa's future. Yet because of the sanctions approach, when it was laid on the table before the South African government, our influence was nonexistent.

The situation will truly be hopeless if we persist in a negative approach that eliminates the U.S. as a force for positive, relatively peaceful change. The debate on our South African policy should not be a debate over sanctions, or a self-centered preoccupation with the ghosts and vestiges of our own historic struggle with racism. If we are to play a positive role, we must devise a positive agenda, one that uses rather than undermines our role as a influence for good. For those Americans who truly care about the future of South Africa and its people, who suffer in their hearts the injustices of oppression, the blight of violence, the tragedy of destroyed hope and potential, the importance of the South African issue does not depend upon the passions of the moment. We should seek to work carefully and persistently with the pro-democratic forces of change, and to promote a U.S. approach that can be, over time, a sustained force for nonviolent, democratic revolution.

As a first step we should stop the destruction of the bases of positive U.S. leverage in South Africa. This means reconsidering and reversing the process of disinvestment. Before the Congress considers any further steps in the wrong direction, a careful objective assessment of the impact of sanctions should be commissioned. Investors remaining in South Africa should carefully assess the impact any decision to disinvest will have on the economic and organizational power of black South Africans, and on the environment for change in the country.

We should devise programs aimed at maximizing the positive impact of the U.S. and other international presence in South Africa. As noted in the January 27 report by a special commission to the Southern African Catholic Bishops' Conference "a statement which says that because black South Africans are denied political rights, efforts to improve their economic, educational and social status are cosmetic or trivial, is a fallacy". Such efforts, encouraged by the so-called "Sullivan principles" were not proceeding as strongly as they should have. Disinvestment threatens to curtail them further. A decided, conscious effort must be made to reverse this damage. Improvements in wages, training, education, and the incorporation of blacks into significant managerial positions must be encouraged and increased.

Through programs of expanded capital ownership we should seek to increase the resource base of the black community. Instead of spending financial resources to disinvest, companies should be encouraged to devise schemes for financing stock purchases by black employees, for including worker representatives in corporate governing structures, etc. Such measures are not remedial. Economic power is the basis of organization strength. Organizational strength is the key to relatively peaceful, democratic revolution.

Such policies would significantly strengthen the organizational base in the black community. In addition we should concentrate on further developing the positive power of South Africa's black labor movement, as well as other civic associations and groups. We should seek out and work with grass roots leaders of all persuasions, not just those popular with our media. The challenge here is of a magnitude that goes beyond gestures and resources from our government. It calls out for the involvement of all Americans of goodwill concerned about the future of democracy in South Africa. From our churches, our schools, colleges and universities, our civic and professional organizations we must extend effective hands of human contact and support to the pro-democratic forces of change in South Africa. From the grass roots of America to the grass roots of South Africa the bridges and bonds of an active commitment to freedom should be forged.

We Americans are so used to the practice of democracy that we forget what it is really all about. Not constitutions, not formal elections, not all the mechanisms and paraphernalia of government make a democracy- but people. Democracy means quite literally the power of the people- people who have the courage, the initiative and the skills to act on their own behalf. The challenge of democracy in South Africa is precisely the challenge of popular empowerment. This challenge should not be a secondary goal or an afterthought, but the primary focus and direction of our resources.

I believe that, rather than taking further steps down the self-destructive desperate road of punitive sanctions, the Congress should take the lead in focusing America's energies on this challenge. This could involve the enactment of a bill to promote democratic empowerment in South Africa. Such legislation would draw together the disparate elements of our influence on the South African situation.

> It would call upon American businesses to continue and increase their efforts to make private enterprise in South Africa the engine of democratic change. To achieve this, it would lay down clear conditions for increased US investment in South Africa, conditions that assure that such investment will contribute to the enlargement and strengthening of democracy's power base in the country, and especially in the black community.
>
> It would provide incentives for American firms to engage in large scale training of black South Africans, with a particular view to developing a sizeable cadre of middle-management executives and moving them into the positions that determine the everyday effectiveness of business enterprises. Empowerment need not be the result of tomorrow's political dialogue. It can be made to happen today, in order to build up the forces that will carry that dialogue to a successful conclusion.

It would provide resources and other incentives for organized labor to continue and increase its contact with pro-democratic labor forces in South Africa, so that the labor movement there can sustain the depth of leadership, communication and cohesion needed to play a responsible, powerful role in shaping the country's democratic future.

It would call upon the broad range of non-governmental institutions and groups in the United States to reach out to their South African counterparts, to undertake the massive effort needed to strengthen the non-governmental means of popular mobilization and action that are essential to the success of democratic systems.

Unlike punitive sanctions, such legislation would not be the end of America's efforts to support full democracy in South Africa. It would be the beginning. To be sure, the work involved would go beyond the facile commitments of a single hour or a single vote. They would surpass the requirements of an easy gesture of divestiture or withdrawal. The Pontius Pilate solutions that pass in some quarters for moral action would not be enough. Americans who care enough and are committed enough would have to get involved, and get their groups and communities involved in the work of supporting the grass roots forces of change in South Africa. They would have to learn from South Africans by name and in person, not from their carefully manipulated TV images.

I believe that this is the real challenge that faces the American people as we deal with the issue of our role in South Africa's future. It is not the challenge of evil, though the evils of apartheid are palpable. It is not the challenge of injustice, though the injustices of apartheid are numerous and cruel. It is the challenge of our hope for democracy, and our belief that despite every evil and injustice, people the world over have the capacity to be free. Given its natural wealth, and the indomitable spirit of its people, black and white, I believe South Africa can demonstrate that capacity. I believe we have the obligation and the means to help.

PREPARED STATEMENT OF RANDALL ROBINSON

In just one year since its enactment, the 1986 Anti-Apartheid Act has made a modest but salutary contribution to the struggle for freedom in South Africa. Passage of the law over the President's veto sent a strong message to the people of South Africa. The U.S. Congress, after long and vigorous debate, had listened to the American people, rejected the Reagan administration policy of constructive engagement, and come down squarely on the side of the majority of South Africa's people. Moreover, the imposition of punitive sanctions against the South African government demonstrated that America was willing to join the global effort to aid the rapid dismantlment of the apartheid system.

Even though one year is too short a period to properly evaluate the impact of the law, some clear benefits to American ideals and interests can be seen already. Firstly, the law has restored the esteem of black South Africans for America. There is no question that the Reagan administrations's policy of constructive engagement had created conderable animosity among the black South African majority toward the United States.

As a result of the repudiation of "constructive engagement", contacts between American officials and the black majority have improved markedly. Even the U.S. Ambassador to South Africa, Edward Perkins, testifies to this fact. In addition, the passage of the law has fueled a remarkable and constructive debate within the white minority community. It has contributed to the South African regime's increased willingness to consider so-called reforms. Though most in the white minority are still adamant in their opposition to majority rule, the possibility of additional sanctions has forced them to consider options that previously were taboo. The Dutch Reformed Church has renounced its support for apartheid. Even the influential Broederbond secret society, a bastion of Afrikaner nationalism, now talks openly of power sharing with the black majority. It is probable that these developments would have occurred anyway as a result of internal strife. However, the passage of the Anti-Apartheid Act contributed significantly to the international climate which accelerated this process of change.

Limited as the sanctions in the Act were, they have begun to make definite impressions on the apartheid system. The Act has contributed directly to capital outflow, loss of export revenues, the emigration of skilled labor, rampant draft evasion, the large discount of the rand, and a significant decline in investment levels.

The South African Reserve Bank announced in August 1987 that real economic growth would be less than the expected 3 percent. Even though officials of the regime insist otherwise, it is clear that the law is at least contributing to the growing gulf between the political and the business leaderships. The white middle class is also increasingly worried about the decline in their living standards.

Unfortunately, the 1986 law did not enjoy the support of the Reagan administration. This fact has been reflected in the lax enforcement of some provisions of the law and the blatant disregard of others. The regulatory agencies of the Executive Branch have construed the bill's restrictions on financial transactions in ways far more generous than in normal commercial practice. The ban on the importation of South African uranium has been weakened by the exemption for uranium hexafluoride, which is simply a gaseous form of uranium oxide. Responsibility for implementing Section 402, the provision penalizing foreign countries that attempt to profit from U.S. sanctions, has been disavowed by the U.S. Trade Representative. The prohibition on agricultural imports has been gutted by an allowance for the continued importation of South African lobsters, processed offshore. These are only a few examples of ways in which the administration has seemingly worked to lessen the potential impact of this historic legislation.

Perhaps the most serious transgression against the letter and spirit of the law by the administration has been its rejection of concerted multilateral action against South Africa. Congress specifically asked the administration to "convene an international conference of the other industialized democracies in order to reach cooperative agreements to impose sanctions--to bring about the complete dismantling of apartheid." A special Advisory Committee set up by Secretary of State George P. Schultz also reaffirmed the necessity of this course of action. The administration not only failed to seek multilateral sanctions, it vetoed a resolution in the United Nations Security Council calling for the international adoption of American sanctions.

Both congress and the Advisory Committee knew that historically, economic sanctions have had the greatest impact when applied multilaterally, with maximum force. The failure of the administration to follow the key recommendations of Congress and its own Advisory body, should at the very least deprive it of credibility to criticize the deficiencies of the current sanctions law.

For guidance as to the next step in our South African policy, Congress should look to the people of South Africa. The support for sanctions among South Africans is overwhelming. Religious leaders such as Nobel Laureate Archbishop Desmond Tutu of Johannesburg, and the Reverend Allan Boesak, trade union leaders such as Cyril Ramaphosa--whose mineworkers recently waged a two-week strike for better pay and working conditions, community activists and political leaders such as Albertina Sisulu all publicly support sanctions despite threats from the minority regime.

The debate should not revert to what it was last year. The issue is no longer whether sanctions? The issue should be how comprehensive the sanctions should be. Constructive engagement was given six years before it was declared a total failure. We must give sanctions more time. Surely one year of limited sanctions grudgingly enforced by a hostile administration cannot provide evidence of the inefficacy of sanctions. Rehashing the debate over sanctions would create doubts in the minds of the minority regime's leaders about the commitment of the United States to the rapid dismantlement of apartheid. This would be counterproductive.

This is the time to restate our resolve by moving forthrightly to build an international consensus for United Nations Security Council mandated comprehensive sanctions. We should look more closely at how South Africa obtains the outside capital and technology which continue to feed the apartheid system. It is for this reason that we urge passage of S. 556, a bill to impose a total trade embargo against South Africa.

In particular, I urge you to act expeditiously in the following areas:

1. Prohibit U.S. intelligence and military cooperation with South Africa.
2. Tighten the ban on uranium and iron imports so that no South African or iron uranium in any form enters the United States for any purpose.
3. Make the ban on computer sales unconditional.
4. Deny foreign tax credits to U.S. companies doing business in South Africa.
5. Prohibit American oil companies from doing business in South Africa. Deny any oil company, foreign or domestic, that continues to do business in or with South Africa--either directly or through subsidiaries--from bidding on federal coal, oil, and gas leases.
6. Reassess U.S. policy toward countries violating the United Nations arms embergo, or taking commercial advantage of any void created by U.S. sanctions.

Most importantly, all of the above described measures should be incorporated in a comprehensive embargo on American trade and investment.

Failure to institute these tougher sanctions would reward the South African regime which has adamantly refused to implement any of the conditions required in the 1986 Anti-Apartheid Act for the easing of sanctions:

1. The State of Emergency is still in effect and blacks are still victims of state terrorism.

2. Nelson Mandela, Walter Sisulu, Govan Mbeki, and other long-term political and labor leaders are still imprisoned.

3. The free exercise of political rights is still denied to black South Africans.

4. No timetable for the elimination of apartheid laws has been established.

5. No negotiations with representatives of all racial groups about the future of South Africa have occurred.

6. The neighboring states are still victims of military and paramilitary attacks.

Indeed, repression is now more widespread and entrenched than ever. Over 30,000 people, including up to 10,000 children, have been detained without charge over the past year. Non-violent groups have been decimated by the systematic detention of their leadership. Torture, deaths in detention, assassinations of government opponents, censorship, and bannings, have increased. To remove any doubt that it intends to continue in this direction, the Apartheid government's new budget contains an increase of 43% in police expenditures and 30% in defense expenditures. The military is now involved in virtually all aspects of national life in South Africa.

South Africa's leaders continue to demonstrate callous disregard for world opinion and determination to withhold power from the majority of South Africa's people. The least the U.S. government can do is end all support for the apartheid system.

PREPARED STATEMENT OF MARC CHARLES GINSBERG

BACKFIRED SANCTION: THE BAN ON SOUTH AFRICAN SUGAR

By: Marc Charles Ginsberg*/

On behalf of the South African Sugar Association (SASA), I am pleased to submit this report to the Senate Foreign Relations Committee detailing the adverse effect which the United States ban on South African sugar has had on South Africa's black sugar farmers, and anti-apartheid activities in South Africa's Natal Province.

Imposition of the ban on sugar imports is causing considerable economic suffering to Natal's 23,500 black sugar farmers, and has disrupted the economic stability of Natal -- the regional incubator for South Africa's important constitutional experiment for a post-apartheid South Africa known as the Natal/KwaZulu Indaba.

In the intervening twelve months since the passage of the Comprehensive Anti-Apartheid Act of 1986 (CAA), much has been written on sanctions and their impact on internal political developments within South Africa. If, however, a single sanction deserves to be reassessed in a less passionate environment, it is the sanction against the sugar industry of Natal. Continued imposition of the ban on sugar imports is not only inconsistent with the goals and objectives of the CAA, it is also incompatible with those who favor a non-violent resolution to South Africa's crisis.

BACKGROUND -- SOUTH AFRICA'S SUGAR INDUSTRY

The South African sugar industry, which is primarily based in South Africa's Natal Province and the Zulu tribal homeland of KwaZulu, is voluntarily governed by the South Africa Sugar Association (SASA) -- a totally private, integrated, trade association which is a non-parastatal, and therefore has no direct or indirect relationship with the South African Government.

SASA represents approximately 25,000 sugar cane growers, of whom over 23,000 (98%) are black, all of whom are members of the South African Cane Growers Ass'n.

Another constituent organization of SASA is the South African Sugar Millers' Ass'n. which represents the industry's 16 sugar mills. These mills employ 12,500 workers, of whom over 63% are black. Together, these two entities represent SASA's constituent organizations.

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*/ Marc Charles Ginsberg is Of Counsel with the law firm of Galland, Kharasch, Morse & Garfinkel, 1054 31st St. N.W., Washington, D.C. which is registered under the Foreign Agents Registration Act with the Department of Justice, Washington, D.C. as a registered agent of the South Africa Sugar Association. Copies of this report are filed with the Department of Justice where the required registration statement is available for public inspection. Registration does not indicate approval of the content of this material by the U.S. Government.

Black sugar farmers, unlike other black South African farmers, either own their land in South Africa, or are given land allocated under the Zulu system of tribal tenure. Accordingly, black sugar farmers constitute the only viable black agricultural entrepreneurs in South Africa.

The 23,000 black sugar farmers produced 2,143,465 tons of cane in 1986, which represented 11.7% of South Africa's total cane production. While there has been a 50% increase in cane production by black growers since 1976, cane production is limited both by industry production quotas -- which are applicable to all producers, black as well as white -- and by the number of black farmers who can be trained annually to grow sugar cane.

Until the enactment of the CAA, South Africa's allocated U.S. sugar quota for 1987 equaled 11,761 metric tons, raw value (had the quota remained intact, the 1988 quota would more closely approximate 20,000 metric tons, raw value).

SASA'S COMMITMENT TO ECONOMIC EQUALITY

As part of its mission, SASA funds and administers some of the most unique private social and welfare programs in South Africa -- a private social security safety net unlike any other in South Africa. No other South African industry can boast the breadth and scope of SASA's social welfare programs. These programs are all funded by SASA for the benefit of black sugar farmers, and are designed to improve the social, educational, and econonomic condition of black cane growers and mill employees:

-- The Small Cane Growers' Financial Aid Fund

Established by SASA to provide economic assistance to small sugar cane growers in Natal (i.e. farmers who produce less than 1,000 metric tons) who do not enjoy access to available sources of credit, this R17 million fund offers small farmers low interest loans for land preparation and the establishment of crops. It has also provided funding for education and agricultural extension services. Approximately 19,00 loans which the Fund has advanced since its inception in 1974, 90% have been to black growers. The Fund also operates 3 farmer training centers in KwaZulu.

-- SASA's Trust Fund for Education

In 1975, SASA established an education trust fund to provide educational grants to black schools which are severely underfunded under South Africa's racially segregated educational system. The Trust Fund has helped upgrade the standard of primary and secondary education in Natal by endowing university chairs, fellowships and scholarships for black institutions throughout South Africa. In 1986, 15 South African universities and 17 black secondary educational school systems received over R600,000.

-- SASA's Vocational Training Programs

Since South Africa's apartheid educational system does not provide vocational training to blacks, SASA opened a vocational training center outside Durban. Serving over 750 students a year, the Center is totally integrated. When planned in 1973 as South Africa's first racially integrated industrial training center, the South African Government placed many obstacles in the way of its establishment. SASA stood firm, notwithstanding Government harassment. Since then over 5,000 students have graduated from it.

-- SASA's Water Development Fund

This Fund was established in 1980 following a major Natal drought. The Fund's objective is to bring potable water to rural blacks in Natal and KwaZulu. 564 wells have been sunk to date.

There are other examples of SASA's commitment to economic equality and racial integration, but space limitations do not permit a full accounting of these commendable enterprises.

The sugar industry represents the dominant industry in Natal. SASA, in its voluntary representative capacity, administers to the needs of over 155,000 employees. By virtue of Natal's history, the sugar industry has neither been dominated by Afrikaaner pro-apartheid South Africans, nor has it had the luxury of ignoring the justifiable economic and civil rights aspirations of South Africa's black population. While SASA is not a civil rights organization on the one hand, nor an altruistic charity on the other, I believe that SASA is South Africa's sole multi-racial trade association which, in itself, places it far ahead of its time within the context of present day South Africa.

SANCTIONS AND THE BLACK SUGAR FARMER

Underlying the Congress' vote to ban sugar imports was the wide currency given the notion that collectively, the sanctions imposed against South Africa would attain several compelling anti-apartheid objectives.

Since the passage of the CAA, the United States has gained stature and respect inside and outside South Africa for the belated leadership role it has taken against apartheid. Unfortunately, notwithstanding the promises and expectations of sanctions' proponents, many of the original objectives of the sanctions legislation have yet to be realized. Some argue that this one year test demonstrates that sanctions are a failure asserting that nothing positive has occurred inside South Africa to meet the objectives of the legislation. Conversely, others argue that one year is not enough, and that more sanctions are needed to force the South African Government to commence serious negotiations. However Congress acts on these competing claims, it should not act in a decision-making vacuum when considering additional legislative measures.

Now that one year has passed since the enactment of sanctions, Congress has the responsibility to take special care to dispassionately evaluate the effect which sanctions have on and within South Africa.

With respect to the ban on South African sugar imports, no additional time must elapse for a prognosis. The verdict is in. The sanction has backfired because the law missed its mark.

-- In the 12 months since sanctions were enacted, over 4,000 hectares of black sugar cane land have been taken out of production due to the elimination of the U.S. market.

-- Black sugar farmers are receiving less for their crop production because of adverse market conditions triggered by U.S. sanctions. While reduced cane prices affect white as well as black growers, a disproportionate number of black farmers suffer economic deprivation because many are small farmers.

-- Over 450 black farmers have been forced into bankruptcy and cease farming.

-- Several small sugar mills, located contiguous to black farms, are in imminent danger of closing. The Entumeni and Glendale mills, in particular, have been severely affected by the deteriorating economic circircumstances brought about by sanctions. A loss of these two mills would effectively mean an end to black farmer cane production within the feasible transport radius of these two mills, as it would be totally uneconomical for these farmers to pay for the transportation costs to ship their cane elsewhere. It is estimated that the ripple effect from the closing of these two mills would affect over 31,000 black farmers and their dependents alone. SASA is doing everything within its power to keep these mills open, but its resources too, are limited.

-- Unlike white farmers who have the option of selling their excess land, black cane farmers do not have this option available to them. In Natal/KwaZulu, land is held by the local chief in trust from the tribal government, and cannot be sold or used as collateral.

-- Prior to the imposition of U.S. sanctions, SASA had planned to increase significantly the amount of land available for cane production within proximity to existing sugar mills. This plan would have exclusively benefited prospective black sugar cane farmers who were eager to become farmers in their own right. Sanctions have now indefinitely postponed this plan, and these prospective farmers must look for work elsewhere.

SUGAR, NATAL & CONSTITUTIONAL REFORM

In Natal, the sugar industry and its ancilliary infrastructure serves as the dominant industry, employing and supporting over 900,000 black South Africans.

As such, SASA plays a vital role in the social, economic and political life of the Province. The sugar industry's interdependence between millers (who are white) and cane producers (who are predominantly black), prompted the sugar industry to recognize the need for racial integration and development of civil rights initiatives to ensure its continued viability. These measures defy the ever-present constraints imposed by South Africa's oppressive apartheid laws.

Finding apartheid inimical to the aspirations of Natal's population and fearing that apartheid would permanently polarize the industry's whites and blacks and divide Natal and KwaZulu, SASA's leaders began exploring ways with others in the region to eliminate racial injustice in their region long before Congress became concerned with South Africa.

This effort resulted in the creation of the Natal/KwaZulu Indaba -- a major anti-apartheid initiative whose purpose is to establish in Natal a new non-racial provincial government, as a forerunner to a new central government. It is premised on democratic principles and an unprecedented non-racial bill of rights protecting the fundamental freedoms of all Natal inhabitants. On November 3, 1987, the Indaba proposals will result in the establishment of a Joint Executive Authority for Natal/KwaZulu -- South Africa's first multi-racial provincial governing body.

The Indaba proposals represent one of the most promising and important initiatives underway in South Africa today to end South Africa's segregated ~~and opp~~ressive system of government. Of those polled, 75% of Natal's population support the Indaba proposals. Its leaders are now awaiting the South African Government's response to the Indaba initiative.

The economic condition of Natal's sugar industry and the fate of the Indaba are closely interconnected. The Indaba's far reaching proposals will not withstand the crucial tests ahead if the economic foundation of Natal is undermined by the sugar sanction. Although there are some who oppose the Indaba, notably the ANC and its U.S. supporters, the Indaba's legacy for a post-apartheid South Africa will be stillborne without Congressional support for this initiative. For Congress to be impervious to this important, yet underreported development would be inconsistent with the principles of the CAA and incompatible with the aspirations of those who wish to avoid a bloody and violent revolution in South Africa.

For this reason, reevaluation of the sugar sanction makes sense -- not merely because blacks are hurting from it, nor because the South African Government stands nothing to gain from it, but because the flow of sugar nourishes the economy of an important region in South Africa attempting to rid the country of the scourge of apartheid.

AID FOR BLACK SUGAR FARMERS -- A MODEST PROPOSAL

Section 103(a) of the CAA states, in part, that one of the ostensible objectives of the CAA is to provide assistance to the victims of apartheid, and to aid individuals or groups who foster nonviolent legal challenges to the apartheid laws.

Moreover, Section 203 of the CAA obligates the United States to "...make affirmative efforts to assist business enterprises having more than 50% beneficial ownership by South African blacks or other nonwhite South Africans."

Mindful of the CAA's provisions, its overall objectives, and the commitment of SASA and others in Natal against apartheid, I respectfully urge Congress to consider partially lifting the sanction against sugar imports to benefit black sugar farmers only.

SASA's white farmers and employees understand and appreciate that Congress will not at this juncture accord them access once again to U.S. markets, even in the face of current events in Natal. Nevertheless, the deteriorating economic plight of black sugar farmers, coupled with the involvement these blacks have in the future of the Indaba serves as an overriding justification for Congress to consider this recommendation.

SASA is prepared to work with the U.S. Embassy and the Congress to establish an acceptable accounting system whereby proceeds of sugar cane sales by black farmers would flow directly to them and not to any other persons or entities. SASA representatives are prepared to meet with members of Congress and their staff to demonstrate the method of accounting controls which it could and will implement to accord small black sugar farmers the financial relief which access to the U.S. market would produce. Should this proposal be enacted, it is contemplated that approximately $3 to $5 million (depending on the quota and sugar prices) in export premium payments would be available for distribution among 23.000 black farmers.

Congress has a unique opportunity to send a much-needed signal to the people of Natal that the United States supports their political confrontation against the South African Government. Until now, Congress has virtually ignored economic and political developments in Natal. My greatest fear, which is a fear shared by SASA and its members, is that the enactment of the CAA caused those committed to South Africa's post-apartheid future to divert their attention elsewhere once sanctions were in place.

To continue to act as if our work were somehow completed would be a tragic mistake. No one person or group has the virtue of knowing what will solve South Africa's nightmare. All routes to a non-violent solution must be fully explored and encouraged.

While the oppression and violence continue under the State of Emergency, while thousands of detainees remain held without due process of law, while the harsh reality of apartheid lingers over the landscape of this troubled land, Congress must do more to help promote the development of an alternative constitutional framework for South Africa.

Although a constitutional solution cannot be imposed from without, we can offer ideas useful to bring unity to a disparate opposition by reaching across racial barriers, and offering our expertise, financial assitance and encouragement. Millions of white and black South Africans are looking for American leadership to help lead them away from the violence and despair.

We in America have a special obligation to aid those who yearn for a new approach. Our democratic legacy, our republican form of government, and our own civil rights struggle give us special insight into South Africa's struggle for justice. Aiding the Indaba, and those black farmers who have joined its ranks, is a small step in this direction.

TABLE OF STRATEGIC MATERIALS

DESCRIPTION	UNITS	COUNTRY	OCT 86- JUNE 87	9 MONTH AVERAGE	MONTHLY AVERAGE 1981-85	CHANGE (%)
Technical Specified Rubber, Grade 20	LB	Poland	111,112	12,346	0	
Industrial Diamonds	CAR	USSR	1,200	133	2	6550
Chrome Ore	GTN	USSR	38,639	4,293	479	796
Platinum Sponge	TOZ	Czech	1,319	147	0	
		Yugo	1.614	179	0	
		USSR	8,941	993	874	14
Palladium	TOZ	Czech	1,905	212	0	
		USSR	155,554	17,284	27,077	-36
Rhodium	TOZ	USSR	22,897	2,544	620	310
Ruthenium	TOZ	USSR	500	56	154	-64
Platinum Bars, Plates, Etc.	TOZ	USSR	17,786	1,976	491	302
Palladium Bars, Plates, Etc.	TOZ	USSR	63,891	7,097	3,896	82
Silver Bullion	TOZ	Yugo	934,715	103,857	26,827	287
Ferrochrome	GLB	Yugo	18,250,721	2,027,858	3,032,340	-33
Ferrosilicon, 30-60% Silicon	GLB	USSR	31,879,945	3,542,216	692,970	411
Ferrosilicon, 61-80% Silicon	GLB	Yugo	4,035,914	448,435	139,220	222
Ferrosilicon Manganese	GLB	Yugo	33,179,230	3,686,581	2,168,352	70
Unwrought Aluminum Rods Not over 3/8 In. in Dia.	LB	Hungary	237,525	26,392	0	
		Romania	79,432	8,826	0	
Wrought Aluminum Rods Under 3/8 In. in Diameter	LB	Yugo	1,012,590	112,510	86,134	31

DESCRIPTION	UNITS	COUNTRY	OCT 86- JUNE 87	9 MONTH AVERAGE	MONTHLY AVERAGE 1981-85	CHANGE (%)
Aluminum Rods 3/8 Inches In Diameter and Over	LB	Yugo	1,379,822	153,314	343,600	-55
Wrought Aluminum Angles	LB	Yugo	35,726	3,970	672	491
Aluminum Wire, Not Plated Or Coated	LB	Yugo	352,264	39,141	12,288	219
Aluminum Wire, Coated or Plated	LB	Yugo	60,660	6,740	0	
Aluminum Circles & Disks, Not Clad	LB	Hungary	112,013	12,446	1,835	578
		Yugo	300,520	33,391	11,145	200
Aluminum Bars, Not Clad	LB	Yugo	1,226,149	136,239	96,645	41
Plates Not Clad, Wrought Aluminum	LB	Romania	37,831	4,203	0	
		Yugo	15,461	1,718	9,657	-82
Wrought Nickel Rods & Wire, Cold Worked	LB	Hungary	23,481	2,609	920	184
Unwrought Zinc, Except Alloyed	LB	Pol	2,166,150	240,683	119,269	102
		Yugo	10,980,472	1,220,052	203,083	501
Zinc Sheets, Not Plated With Metal	LB	Poland	37,693	4,188	7,206	-42
Antimony, Unwrought Waste & Scrap	LB	USSR	750,614	83,402	1,281	6411

PREPARED STATEMENT OF SENATOR KENNEDY

Mr. Chairman, I want to thank you for the invitation to testify before your Subcommittee today. I am particularly happy to be here with my good friend from Connecticut. There is no one in the Senate who is more committed to the cause of racial justice in South Africa than is Senator Weicker, and I am grateful for the chance to work with him again today to advance that cause.

We are here to talk with you and the members of your Subcommittee about freedom in South Africa. We are here to look at what has happened over the past year in that sad and troubled land and to discuss ways that the American people can take further steps to show our support for the effort to end apartheid in South Africa.

One year ago, the Congress of the United States imposed sanctions against the government of South Africa. We passed that legislation over President Reagan's veto and ardent opposition. I regret to say that his opposition continues.

Earlier this month, the Congress received a report from the White House in which the President renewed his arguments that the sanctions have been counterproductive to the anti-apartheid cause in South Africa. I disagree with the conclusions set forth in the President's report. My views about that report appeared in an op-ed piece published in last Friday's Washington Post, and I would ask that this article be re-printed in full at this point in the record.

Before making any further comment on the President's Report, however, I would like to release an interim report from the General Accounting Office that has been prepared at Senator Weicker's and my request. Last July, we asked the GAO to conduct a review of the administration's implementation of the Comprehensive Anti-Apartheid Act of 1986 and to report back to us on whether the deadlines and policy objectives of the act have been complied with and whether the administration has conscientously enforced the strictures of that legislation.

We received this preliminary report from the GAO yesterday, and we want to make it available to the public today. The GAO has done a careful and conscientious job, and this report deserves further study and examination. There is one aspect of this report, however, that deserves our special attention today.

When Congress enacted the sanctions legislation, we recognized that, for sanctions to succeed, multilateral cooperation was necessary. We stated in the legislation that, "It is the policy of the United States to seek international cooperative agreements with the other industrialized democracies to bring about the complete dismantling of apartheid," and we called on the Secretary of State to convene an international conference with other industrialized democracies no later than 180 days after the act's enactment. We also stated that it was the sense of the Congress that the United Nations Security Council should impose measures against South Africa similar to those contained in our legislation.

Not only has the Administration failed to comply with the spirit of the law, it has actively worked to subvert and undermine the efforts of other nations to achieve precisely the kind of multinational cooperation contemplated by the statute. It is one thing to discover that, over the past year, the State Department made no effort to convene an international conference or to coordinate anti-apartheid policies among the industrialized nations of the world. But it is far worse -- totally inconsistent with the intent of the Congress -- for the Administration to decide, as it did last February 20, to vote against -- to veto -- additional mandatory sanctions against South Africa proposed in the Security Council. Given the overwhelming support that this legislation received from both Houses of Congress, that decision was indefensible.

There is one aspect of the President's Report that I agree with: The repression in South Africa has gotten worse over the past year. But it is ironic to remember the Administration's arguments of a year ago -- that six years of constructive engagement have resulted in great success in persuading the South African government to embark on fundamental reforms -- and to compare those arguments with the bleak picture that the Administration now portrays. It is hard to believe that six years of success with constructive engagement could be so completely eliminated with one year of sanctions.

In truth, the situation was terrible then, and it has gotten worse since then. In truth, constructive engagement achieved nothing more than to persuade 27 million non-white South Africans that the government of the United States was the last best friend of the apartheid regime. In truth, the architects of apartheid will never dismantle their racist system unless -- as a result of external pressure and internal pressure -- it is in their own best interests to do so. In truth, there is a lot more work for us to do on the outside and for the people of South Africa to do on the inside if we are to be rid of apartheid once and for all.

Let me say, briefly, that I believe the sanctions have accomplished much that they were intended to accomplish. First, this legislation sent a powerful message of support to the people of South Africa that the American people were with them in their struggle to end apartheid. Second, this legislation improved our standing throughout the rest of the African continent. And finally, these sanctions moved the United States into the forefront of the worldwide effort to end apartheid. As the GAO Report points out, "Currently, the United States has the strongest sanctions in the world against South Africa."

No one in Congress expected our legislation to end apartheid in South Africa, certainly not in one year. And no one thought that such modest measures would have a major economic impact. But we did have the hope that our sanctions would become part of a coordinated international effort aimed at producing the kind of external economic pressure that would make a difference inside South Africa. It is disappointing to see that the Administration chose to frustrate that objective.

What next?

I believe that Congress should close the loopholes in the present legislation and strengthen the existing sanctions. I also believe that we should now begin to debate the question whether the United States has any business doing any business at all in South Africa. I support the legislation that Senator Cranston offered last year calling for a trade embargo with South Africa and requiring mandatory disinvestment by all U.S. companies still doing business in South Africa.

That process of disinvestment has already been going forward, and it will no doubt continue. But it is time for the government of the United States to escalate its pressure on the government of South Africa and to re-new our commitment to the cause of freedom in that country. And if it requires the Congress once again to override a presidential veto, so be it. As Albert Camus once wrote: "If we do not take up the cause of freedom, who will? If not now, when?"

PREPARED STATEMENT OF SENATOR WEICKER

One year ago, the United States ended its years of silent complicity and told the world apartheid was unacceptable--that we found it morally reprehensible, and that we would support the South African people in their quest for the basic dignities to which every human being is entitled.

No one here believed that sanctions would be the final solution to the great wrong of apartheid. Rather we viewed them as a first step, as a foundation upon which we and other nations could build a concerted international response to bring pressure to bear on the minority regime.

But that response has been undercut from the beginning by the Administration's refusal to comply with both the spirit and the letter of the Anti-Apartheid Act.

The Act declares it the policy of the United States to seek international agreement to bring about the complete dismantling of apartheid. Yet the administration has sought no mulitlateral sanctions agreement, and in fact, vetoed a United Nations Security Council resolution that would have made mandatory for all U.N. members a package of sanctions similar to our own.

At best the administration has been reluctant to uphold the law, and at its worst, it has been obstructionist. It has allowed South Africa to use loopholes to get around the ban on uranium imports. It has been unwilling to assure us that the intelligence community is not engaging in military collaboration with South Africa, and it has allowed the U.S. trade representative to formally disavow responsibility for implementing provisions punishing foreign countries that take commercial advantage of U.S. sanctions. And now the President, in clear violation of the law, has refused to recommend additional sanctions.

Section 501 of the Anti-Apartheid Act states it shall be the policy of the United States to impose additional measures against the government of South Africa if substantial progress toward ending apartheid has not been made, and it further states that the President shall recommend additional measures from among the list detailed in the section. The President so found, yet he has recommended no new sanctions.

The President's failure to vigorously enforce the law of the land sends two very dangerous messages to South Africa. To the minority government of P.W. Botha, it says the United States condones its repressive practices. And to the people of South Africa, it says you're just going to have to wait longer, you're going to have to wait until we can diplomatically nudge the apartheid regime into treating you like human beings.

It is a gross mistake for the Administration to seek change by working within the rules of a corrupt system. To do so is to honor that system. It places American prestige on the side of the minority and not with the oppressed majority who seek the very democratic rights we hold dear.

When I came to the Congress back in 1969 people were saying just give South Africa a chance, they'll come around. For eighteen years we've heard that same message , but they didn't come around.

On October 12 Archbishop Desomd Tutu, winner of the Nobel Peace Prize, said if conditions in South Africa do not change, the day may come when there is no alternative to violence. As he has said in the past there are "increasing numbers of young blacks who believe that there is no other option for changing the oppresive and evil system of apartheid than violence and who, more shatteringly, believe that they are going to die and do not care any longer."

The days of gentle diplomatic prodding are past us. The black majority in South Africa may not be willing to wait any longer. The fact is what we have in South Africa is an intransigent regime that wants to maintain its power as long as it can, and mere talking without sanctions or moral weight to back our words up, will not precipitate a change in power or basic policy.

Instead of retreating, our response must be to enforce our sanctions and reaffirm our commitment to a policy of persistent condemnation of apartheid rule, both publicly and privately. In addition, we need to take the act to bolster the front-line states, who are being threatened militarily and economically by the South African regime. I am pleased that this Committee chose to include the Southern Africa Development Initiative, introduced earlier by Senator Kennedy and myself, as part of the foreign assistance bill, although in a scaled down version. I would hope that we would expand upon this effort and also increase our diplomatic contacts with these states. It is essential that we let the people of the region know where the United States stands. That we are on their side and not with their oppressors.

Above all, we need to work toward international agreements to bring pressure to bear against the Pretoria government to abandon apartheid and establish a multiracial governmnet. While we cannot change the policies there with one wave of the wand of economic sanctions, with bringing our voice to forefront of world condemnation of apartheid, we can bring about the conditions that will enable the people of South Africa to finally have the human rights they and everyone else deserve.

PREPARED STATEMENT OF SENATOR HELMS

Mr. Chairman, I thank you for calling this hearing to examine U.S. policy toward South Africa. I recently visited South Africa and found the people there, of all races, very knowledgeable about and concerned by U.S. policy -- perhaps more appropriately termed "Congressional policy" -- toward South Africa.

I visited South Africa at the invitation of the South African Agricultural Union, a group equivalent to the American Farm Bureau Federation in the United States. The Agricultural Union is a private organization representing 75,000 South African farmers--virtually all farmers of every race who are producing food for the market. I never travel at the expense of the U.S. taxpayer, and, as former Chairman of the Senate Agriculture Committee, I was grateful to be the guests of these sturdy farmers and practitioners of the free enterprise system.

At the end of a week touring South Africa, I reached the conclusion that it is impossible to exaggerate the extent to which the imposition of sanctions has been counterproductive to the very ideals U.S. sanctions proponents said they were seeking.

This is a fact of life which is so evident now, a year after sanctions, as it should have been last year. From early morning until late at night I tried to find even one person who would tell me that the U.S. sanctions against South Africa had been helpful, in any way, towards bringing harmony, economic progress, or political equity to that troubled country.

I talked with men and women in all walks of life, and of all races. Mainly I talked with farmers and workers struggling to make a living amidst the frustrations caused by U.S. sanctions. I talked with whites, with coloreds, with blacks, with Indians.

I did not, of course, meet with South African Communists or their sympathizers. In my book, Communists are simply outside of any free dialogue. I did meet with people of every other political stripe--from the Labor Party to the Progressive Party, to the National, and to the Conservative Party. Everyone held the same conviction: U.S. sanctions are moving South Africa closer to Communism. Indeed, it is probably no accident that, within South Africa, the primary proponents of sanctions are members of the Soviet-backed African National Congress. Too few Americans seem to recognize the very real threat posed by communists and communist-backed elements within South Africa. However, South Africans of all races are aware that greater economic and political freedom can never come from communism.

Without exception, these people bitterly denounced the destruction of jobs that the U.S. Congress callously caused when it sanctimoniously rejected President Reagan's warning that sanctions would create havoc and hardship among the very people whom Congress piously pretended to "help."

South Africans of all races are emphasizing, now more than ever, these points:
o "Jobs are the answer to peace in South Africa";
o "With economic progress will come political progress for black South Africans";
o "We need more investment to stimulate black employment, not disinvestment."

My firm conclusion is that the imposition of U.S. sanctions against South Africa was a self-defeating study in contradictions. I don't know of even one U.S. Senator who favors the political system in South Africa known as apartheid. All Americans believe that every individual should have the right to seek the full development of his or her talents, without restriction of race, creed, or color. But my experience in South Africa made it demonstrable that most South Africans are working to find a solution to a problem that highly developed countries like the United States do not confront.

That problem is this: When you have a third-world economy and a developed-world economy living side-by-side in the same geographic area, how do you establish them in a single political system? How do you save political freedoms and the free enterprise system during the transition to a fully-developed economy for all?

The choice is quite simple: (1) Find a plan which in the long run will give freedom and economic development to all; or (2) destroy the fragile economy which presently is inadequate to bring everyone up to the same level.

Needless to say, the Soviet Union has its own solution: Destroy the existing free economy that is closely allied with the United States and Europe, and replace it with a socialist economy that is totally beholden to Communism. Such a plan will not only enslave all the peoples of South Africa, but also have far reaching impact on the United States and the Free World, denying the strategic minerals treasure house to the United States and to NATO defense forces, while interdicting the strategic shipping lanes around the Cape of Good Hope that keep Europe supplied with most of its oil. Unfortunately, the imposition of sanctions plays into this strategy by undermining the economy.

The Soviet strategy is quite simple. Since 1921 the Soviets have been attempting to exploit the racial differences among the black nations of southern Africa, turning black against black, as well as black against white. The principal tool for this exploitation in South Africa has been the African National Congress--originally a nationalist group organized among members of the Xhosa tribe, but later taken over lock, stock, and barrel by the Soviet Union working through the South African Communist Party. Today two-thirds of the leadership group of the ANC are Xhosa Communists beholden to the Soviet Union.

By contrast, the much more numerous Zulus are fiercely anti-communist and actively pro-free enterprise. But for that very reason, perhaps, the U.S. State Department and the self-righteous Senators won't give the Zulus the time of day. They are equally opposed to apartheid, under their leader Mangosuthu Buthelezi.

One fatal flaw in the sanctions is that the legislation virtually recognizes the ANC as the legitimate successor to the present government of South Africa. It imposes various economic and political sanctions on South Africa unless the South African government takes specific steps to recognize and negotiate with the Communist ANC. That's why President Reagan vetoed the sanctions bill. But for reasons totally unrelated South African realities, a host of U.S. politicans thought it was clever domestic politics to condemn South Africa to Communism. Congress overrode President Reagan's veto.

Now is the time to recognize the failed Congressional policy of economic sanctions. The highest priority should be the immediate repeal of these provisions which are so evidently destroying economic progress for countless blacks in South Africa. This should be coupled with a policy of encouraging private investment in South Africa--investments that will benefit countless South Africans of all races.

PREPARED STATEMENT OF SENATOR McCONNELL

Mr. Chairman, a little over two years ago, I came before this committee and testified in support of legislation that Senator Roth and I had introduced regarding South Africa. That legislation eventually became the Anti-Apartheid Act of 1986. I believed then, as I do now, that the United States should make a meaningful and constructive contribution to the process of political reform in South Africa. I did not hold the view that a package of sanctions would turn the situation around overnight. However, I voted to override the President's veto of the final bill and supported sanctions because I believed that a strong statement of unanimous opposition to apartheid would serve to build bridges with the black South African majority. I had hopes that focused economic and political pressure would serve notice that black participation in South African politics, economics and society was an essential ingredient to improved relations between the West and South Africa.

While we can argue whether nonwhites in South Africa are better off now as a result of sanctions than they were a year ago, the concern I have today is have specific sanctions achieved their objectives? As you might guess, I have a specific concern. I do not believe that the bill's ban on imports of South African uranium is limiting international sales or having any punitive effect on South Africa, but it does have a potentially devastating effect on American jobs.

The Treasury Department recently issued regulations which interpreted the Anti-Apartheid Act's uranium ban. The ruling pointed out that the bill banned uranium and uranium oxide and not uranium hexafluoride otherwise known as UF6. The Treasury Department decided that this meant that uranium and uranium oxide could not be brought into the United States even for transit processing and reexport but that UF6 could be imported. The net effect of this ruling is that so long as uranium is converted into oxide by our foreign competition, it can be brought in, enriched and used by American industry.

But the real issue isn't whether U.S. industry will or won't use South African uranium. The survival of the American uranium industry depends upon a number of long-term contracts with foreign utilities that buy South African uranium, bring it to the United States for conversion, enrichment and fabrication into fuel rods and then reexport it for use in nuclear power plants abroad. If U.S. processing facilities are denied to these countries they will not stop buying South African uranium - they will simply take their business abroad.

The economic impact in my State of this decision is devastating. There are 1,199 direct jobs and 485 indirect jobs on the line. There will be a $200 million loss in the Paducah plant's revenues which may cripple the plant beyond recovery. The Kentucky Energy Cabinet issued a report in 1983, and determined that 5,000 jobs would be affected by a plant closing. Schools, hospitals, banks, real estate, everything would suffer enormously.

And that's just my State. I would like to point out that the NRC believes that there will be substantial economic impact on the entire uranium industry if there is a ban that does not make allowances for transit uranium. The conversion industry represents a $100 million business employing over 1,000 people. Over 20 percent of the industry's throughput is of South African origin.

Conversion facilities in Oklahoma and Illinois, enrichment facilities in Kentucky and Ohio and fabrication plants in Virginia, North and South Carolina, Connecticut, Missouri, and Washington are at risk because of the ban, according to industry representatives. I expect this is why a bipartisan group of 26 Senators sent Treasury Secretary Baker letters requesting an exception for transit uranium.

Moreover, if the foreign uranium business is denied to the U.S. uranium industry, fixed costs will be spread over a much smaller base which will drive up the overall cost of processing U.S. uranium. I expect this is why Senators Domenici and Bingaman who have uranium mines in their States added their voices to those who asked Secretary Baker to exempt transit uranium.

Mr. Chairman, you will not find a Senator more supportive of the urgent need for change in South Africa. But, I must confess, I find myself two years into this process of sanctions having to recognize that the only people who are unequivocally affected by the bill are American workers. Political change is essential, but legislation which does not effectively sanction South Africa and does jeopardize American jobs just doesn't make much sense.

PREPARED STATEMENT OF CECIL E. ROBERTS

MR. CHAIRMAN, MY NAME IS CECIL ROBERTS. I AM THE INTERNATIONAL VICE PRESIDENT OF THE UNITED MINE WORKERS OF AMERICA. I APPRECIATE THE OPPORTUNITY TO PRESENT THE VIEWS OF COAL MINERS TO THE MEMBERS OF THIS COMMITTEE. THE UMWA REPRESENTS THE VAST MAJORITY OF COAL MINERS IN THE UNITED STATES AND CANADA. OUR UNION HAS ABOUT ONE-QUARTER MILLION WORKING, RETIRED AND UNEMPLOYED MEMBERS IN NORTH AMERICA. FROM THE COAL FIELDS OF ALABAMA TO BRITISH COLUMBIA, FROM THE ROCKY MOUNTAINS TO THE SHORES OF NOVA SCOTIA, WHEREVER YOU FIND COAL MINERS YOU WILL FIND MEMBERS OF THE UNITED MINE WORKERS OF AMERICA.

THE CAMPAIGN TO END APARTHEID IS NOT A NEW ONE FOR THE UNITED MINE WORKERS. AS FAR BACK AS THE 1940S, JOHN L. LEWIS HAD CONTACTS WITH AND SUPPORTED THE SOUTH AFRICAN MINE WORKERS UNION. IN 1958, THE UNION REITERATED ITS POSITION THAT IT IS "UNALTERABLY OPPOSED TO RACIAL, RELIGIOUS, OR NATIONAL DISCRIMINATION," AND URGED CONTRIBUTIONS TO A DEFENSE FUND ESTABLISHED TO DEFEND POLITICAL PRISONERS IN SOUTH AFRICA. IN THE 1970S, MEMBERS OF THE UNITED MINE WORKERS WERE ON THE PICKET LINE AT UTILITY COMPANIES WHICH IMPORTED SLAVE-LABOR APARTHEID COAL. WE PETITIONED THE U.S. COMMISSIONER OF CUSTOMS TO APPLY THE TARRIFF ACT OF 1930 TO STOP THESE IMPORTS. THE UNION HAS BEEN ACTIVE FOR MANY YEARS ON THE STATE AND LOCAL LEVEL CAMPAIGNING FOR THE DIVESTMENT OF PUBLIC FUNDS FROM BANKS AND CORPORATIONS INVESTING IN SOUTH AFRICA. AND WE HAVE EXTENSIVELY LOBBIED CONGRESS FOR STRONG SANCTIONS AGAINST THE SOUTH AFRICAN GOVERNMENT AND WILL CONTINUE TO DO SO UNTIL APARTHEID IS ELIMINATED.

WORKING PEOPLE IN THIS COUNTRY ARE VERY CONCERNED ABOUT THE ABOMINATION OF SOUTH AFRICA'S RACIST SYSTEM OF APARTHEID. BLOOD CONTINUES TO FLOW IN THE STREETS OF SOUTH AFRICA.

CHILDREN ARE BEING SHOT DOWN IN COLD BLOOD BY THE BRUTAL SOUTH AFRICAN POLICE. HUNDREDS-- TRADE UNIONISTS, CHURCH MEMBERS, COMMUNITY ACTIVISTS, AND EVEN SMALL CHILDREN-- HAVE BEEN DETAINED. DEATHS OF POLITICAL PRISONERS HELD IN DETENTION ARE ON THE RISE. SOUTH AFRICA MAINTAINS ITS ILLEGAL HOLD OVER NAMIBIA AND CONTINUES ITS HARRASSMENT OF NEIGHBORING STATES.

ALTHOUGH THERE HAVE BEEN SOME MINOR MODIFICATIONS AND MODERNIZATIONS OF THE ECONOMIC, POLITICAL, AND SOCIAL SYSTEM OF OPPRESSION IN SOUTH AFRICA OVER THE LAST FEW YEARS, THE BASIC FACT REMAINS: APARTHEID CONTINUES TO DENY BASIC HUMAN RIGHTS AND LIBERTIES TO THE VAST MAJORITY OF SOUTH AFRICA'S POPULATION WHO ARE BLACK. IT FORBIDS BLACKS THE RIGHT OF SELF-DETERMINATION OVER THEIR DESTINIES. IT DENIES THEM THE RIGHT TO VOTE FOR THEIR GOVERNMENT. IT DENIES THEM THE RIGHT TO LIVE TOGETHER AS FAMILIES. IT CONTINUES TO MONITOR THEIR EVERY MOVEMENT. IT CONTINUES TO REPRESS BLACK TRADE UNIONS. INDEED, DESPITE ALL THE TALK OF "REFORMS," LIFE FOR BLACK SOUTH AFRICANS IS WORSE THAN EVER.

THE QUESTION FOR THE AMERICAN PEOPLE MUST BE: HOW CAN WE MINIMIZE THE BLOODSHED AND PROMOTE POLITICAL FREEDOM AND ECONOMIC JUSTICE? THE ANSWER IS THAT POLITICAL AND ECONOMIC PRESSURE MUST BE IMPOSED IMMEDIATELY. WE MUST REMOVE THE SUPPORT THIS COUNTRY CONTINUES TO GIVE TO THE MAINTENANCE OF APARTHEID.

FOR BLACK SOUTH AFRICANS, MOST OF THE PEACEFUL MEANS TO PRESS FOR DEMOCRACY HAVE BEEN CLOSED OFF-- MANY OF THEIR ORGANIZATIONS HAVE BEEN BANNED, THEIR LEADERS JAILED OR MURDERED. HOWEVER, WE IN THE INTERNATIONAL COMMUNITY HAVE THE TOOLS AND THE LEVERAGE THAT WILL HASTEN THE DAY WHEN THE WHITE REGIME SITS DOWN AT THE BARGAINING TABLE WITH THE LEGITIMATE LEADERS OF THE BLACK COMMUNITY.

AS BISHOP DESMOND TUTU, WINNER OF THE 1984 NOBEL PEACE PRIZE, HAS SAID: "IT IS UP TO THE INTERNATIONAL COMMUNITY TO EXERT PRESSURE ON THE SOUTH AFRICAN GOVERNMENT...ESPECIALLY ECONOMIC PRESSURE, TO GO TO THE CONFERENCE TABLE....THIS IS OUR VERY LAST CHANCE FOR CHANGE BECAUSE IF THAT DOESN'T HAPPEN...IT SEEMS THE BLOODBATH WILL BE INEVITABLE."

FOREIGN INVESTMENT IN SOUTH AFRICA IS THE GLUE THAT HOLDS APARTHEID TOGETHER. FOREIGN CORPORATIONS PROVIDE GOODS, CAPITAL, AND TECHNOLOGY TO THE SOUTH AFRICAN GOVERNMENT, ENABLING IT TO MAINTAIN THE APARTHEID SYSTEM. THE CORPORATIONS' STRATEGIC SUPPORT IS ALSO EVIDENT BY PRETORIA'S DESIGNATION OF MANY CORPORATE PLANT SITES AS "NATIONAL KEY POINTS"-- IMPORTANT ECONOMIC INSTALLATIONS THE STATE DEEMS NECESSARY TO PROTECT IN THE EVENT OF "CIVIL UNREST." DESIGNATED COMPANIES ARE REQUIRED TO HIRE ARMED GUARDS AND DEVELOP PLANS IN COOPERATION WITH SOUTH AFRICAN POLICE TO PROTECT PLANT FACILITIES. THE SOUTH AFRICAN GOVERNMENT CLEARLY RECOGNIZES THE STRATEGIC NATURE OF FOREIGN CORPORATE INVESTMENT.

DESPITE THE CLAIMS OF THE MULTINATIONAL CORPORATIONS, FOREIGN INVESTMENT IN SOUTH AFRICA HAS NOT BROUGHT ABOUT ANY LIBERALIZING REFORMS. IN FACT, THE OPPOSITE IS TRUE. SOME OF THE MOST REPRESSIVE LEGISLATION IN SOUTH AFRICA'S HISTORY WAS PASSED DURING ECONOMIC BOOM PERIODS. U.S. CORPORATE INVESTMENT IN SOUTH AFRICA HAS INCREASED SEVERAL HUNDRED PERCENT SINCE 1960. YET DURING THAT TIME PERIOD, THOUSANDS HAVE BEEN SHOT DOWN IN THE STREETS BY POLICE; THOUSANDS HAVE BEEN JAILED FOR POLITICAL OPPOSITION TO APARTHEID; MILLIONS HAVE BEEN FORCIBLY REMOVED TO THE "BANTUSTANS"; AND MILLIONS OF CHILDREN HAVE DIED FROM MALNUTRITION. THERE IS NO CORRELATION BETWEEN INCREASED FOREIGN INVESTMENT AND LIBERALIZATION OF APARTHEID; RATHER, THE CORPORATIONS AND THE SOUTH AFRICAN GOVERNMENT HAVE WORKED TOGETHER TO FURTHER THEIR MUTUAL SELF-INTERESTS.

FUTHERMORE, MR. CHAIRMAN, INVESTMENTS IN SOUTH AFRICA NOT ONLY EXPLOIT BLACK SOUTH AFRICANS THEY HURT THE AMERICAN ECONOMY AND AMERICAN WORKERS AS WELL. THE EXISTENCE OF APARTHEID IN SOUTH AFRICA HAS MEANT A LOSS OF JOBS IN THE UNITED STATES BECAUSE OF THE CHEAP LABOR MARKET AND OPPRESSIVE POLICE STATE THAT SOUTH AFRICA PROVIDES TO MULTINATIONAL CORPORATIONS.

OUR COUNTRY IS WITNESSING A DELIBERATE DEINDUSTRIALIZATION OF OUR ECONOMY BY MULTINATIONAL CORPORATIONS AND A SEEMINGLY UNCARING GOVERNMENT THE EFFECTS OF WHICH HAVE BEEN DEVASTATING TO AMERICA'S WORKERS AND THEIR COMMUNITIES. THE SITUATION IS SO SEVERE THAT BUSINESS WEEK ISSUED A SPECIAL REPORT, SAYING SUCH POLICIES COULD "SPELL DISASTER FOR THE U.S. ECONOMY AS A WHOLE." ALTHOUGH THERE ARE MANY THINGS THAT SHOULD BE DONE TO STOP THE WHOLESALE EXPORT OF AMERICAN JOBS, AN IMPORTANT ONE IS TO RID THE WORLD OF SYSTEMS LIKE APARTHEID THAT FEED ON FOREIGN CORPORATE INVESTMENT AND PROVIDE AN OPPRESSED WORKFORCE IN EXCHANGE.

AS AMERICANS, THE SYSTEM OF APARTHEID FLIES IN THE FACE OF OUR MOST DEEPLY HELD VALUES-- INDIVIDUAL FREEDOM, AND EQUALITY AND JUSTICE FOR ALL-- THOSE BASIC TRUTHS UPON WHICH THIS NATION WAS FOUNDED. IF WE ARE INDEED COMMITTED TO THESE VALUES WE MUST NOT ONLY CONDEMN APARTHEID, BUT ENSURE THAT OUR COUNTRY'S POLITICAL AND ECONOMIC INSTITUTIONS ARE NOT SUPPORTING IT. OUR FAILURE TO DO SO TAINTS OUR DEMOCRACY AND DOES IRREPERABLE HARM TO AMERICA'S INTERESTS AROUND THE WORLD.

LAST YEAR, TO ITS CREDIT, CONGRESS OVERWHELMINGLY PASSED THE ANTI-APARTHEID ACT OVER PRESIDENT REAGAN'S VETO. THE BILL CALLED FOR THE IMPOSITION OF LIMITED SANCTIONS AGAINST SOUTH AFRICA AND INCLUDED A REVIEW PERIOD AFTER ONE YEAR TO CONSIDER STRONGER MEASURES. THE LEGISLATION REQUIRED THE PRESIDENT TO

SUBMIT A REPORT TO CONGRESS ON WHAT MOVES, IF ANY, THE SOUTH AFRICAN GOVERNMENT HAD UNDERTAKEN TO ELIMINATE APARTHEID. IF THERE HAD BEEN NO MOVEMENT, THE LEGISLATION REQUIRED THE PRESIDENT TO SUGGEST STRONGER SANCTIONS AGAINST SOUTH AFRICA.

MR. CHAIRMAN, AS YOU KNOW, THE PRESIDENT HAS ISSUED HIS REPORT. HE HAS CONCURRED WITH THE WIDESPREAD OPINION THAT NOT ONLY HAS THE SOUTH AFRICAN GOVERNMENT NOT BEGUN TO DISMANTLE THE APARTHEID SYSTEM, IT HAS ENTRENCHED THAT SYSTEM. BUT, CONTRARY TO THE REQUIREMENT IN THE ACT, PRESIDENT REAGAN HAS NOT SUBMITTED ADDITIONAL SANCTIONS TO IMPOSE ON SOUTH AFRICA; HE HAS, INSTEAD, CALLED FOR THE RETURN OF "CONSTRUCTIVE ENGAGEMENT," THE FAILED POLICY OF HIS ADMINISTRATION'S FIRST FIVE YEARS IN OFFICE-- A POLICY THAT BISHOP TUTU HAS RIGHTLY CALLED "AN ABOMINATION, AN UNMITIGATED DISASTER."

THERE ARE THOSE IN THE REAGAN ADMINISTRATION AND IN THE MULTINATIONAL CORPORATIONS WHO PERSIST IN NAY-SAYING SANCTIONS AGAINST SOUTH AFRICA. IT SEEMS THAT THE INK WAS NOT EVEN DRY ON THE LEGISLATION THAT CONGRESS PASSED WHEN THE NAY-SAYERS COMPLAINED THAT THE SANCTIONS WERE NOT WORKING. WE HEAR TODAY THAT SINCE THE SOUTH AFRICAN GOVERNMENT HAS NOT ELIMINATED APARTHEID IN THE ONE YEAR PERIOD SINCE THE BILL WAS PASSED THAT WE SHOULD ABANDON THE SANCTIONS STRATEGY ALTOGETHER.

MR. CHAIRMAN, I THINK IT IS IMPORTANT TO PUT THESE SPECIOUS ARGUMENTS TO REST. ALTHOUGH CONGRESS TOOK AN IMPORTANT FIRST STEP IN PASSING LAST YEAR'S LEGISLATION, THE BILL CONTAINED ONLY VERY LIMITED SANCTIONS. THE PRESENT SANCTIONS AFFECT ONLY ONE-THIRD OF U.S. IMPORTS FROM SOUTH AFRICA, AND VIRTUALLY NO EXPORTS. PARTIAL SANCTIONS PRODUCE PARTIAL RESULTS.

SECOND, WHILE IT IS TRUE THAT APARTHEID IS AS OPPRESSIVE AS EVER, IT IS FALSE TO SAY THAT U.S. SANCTIONS HAVE HAD NO

RESULTS. THE WORLD HAS WITNESSED MORE FERMENT IN THE ONCE-MONOLITHIC WHITE AFRIKANER COMMUNITY OVER THE LAST YEAR THAN IN SEVERAL DECADES. WHILE SOME WHITES HAVE MOVED TO THE RIGHT TO PROTECT THEIR TREMENDOUS WEALTH AND POWER, OTHERS HAVE BEGUN TO SEE THE FUTILITY OF HANGING ON TO A SYSTEM DOOMED TO EVENTUAL EXTINCTION. THESE WHITES HAVE SEEN THAT THE WESTERN COUNTRIES, AND THE UNITED STATES IN PARTICULAR, WILL NOT CONTINUE TO ALLY THEMSELVES WITH SOUTH AFRICA'S RACIST GOVERNMENT, AND THAT THERE WILL BE MAJOR CONSEQUENCES IF APARTHEID IS NOT ELIMINATED. FURTHERMORE, THE REACTION TO THE SANCTIONS BY BLACK SOUTH AFRICANS AND BLACK AFRICAN LEADERS THROUGHOUT THE CONTINENT HAS BEEN OVERWHELMINGLY SUPPORTIVE AND HAS STRENGTHENED U.S. RELATIONS WITH AFRICA.

THIRD, THE REAGAN ADMINISTRATION'S ENFORCEMENT OF THIS SANCTIONS LAW HAS BEEN SERIOUSLY LAX, AND IN ONE PARTICULAR INCIDENT, THE WILL OF CONGRESS WAS DELIBERATELY SUBVERTED. I AM REFERRING TO THE REAGAN ADMINISTRATION'S VETO IN THE UNITED NATIONS SECURITY COUNCIL ON FEBRUARY 20, 1987 OF A RESOLUTION THAT WOULD HAVE MANDATED SANCTIONS IDENTICAL TO THOSE IMPOSED BY CONGRESS FOR EVERY COUNTRY IN THE WORLD. THE ACT PASSED INTO LAW LAST YEAR STATES PLAINLY THAT THE PRESIDENT OR THE SECRETARY OF STATE "SHOULD CONVENE AN INTERNATIONAL CONFERENCE OF THE INDUSTRIALIZED DEMOCRACIES IN ORDER TO REACH COOPERATIVE AGREEMENTS TO IMPOSE SANCTIONS...TO BRING ABOUT THE COMPLETE DISMANTLING OF APARTHEID." THE SECRETARY OF STATE'S OWN ADVISORY COMMITTEE MADE A SIMILAR RECOMMENDATION.

IMPLICIT IN THIS PROVISION WAS CONGRESS' UNDERSTANDING THAT MULTILATERAL SANCTIONS ARE MUCH MORE EFFECTIVE THAN UNILATERAL ONES. LET ME GIVE YOU ONE EXAMPLE FROM AN INDUSTRY I KNOW WELL-- THE COAL INDUSTRY. CONGRESS PASSED A BAN ON SOUTH AFRICAN COAL IMPORTS IN LAST YEAR'S LEGISLATION. OTHER COUNTRIES AROUND THE WORLD-- CANADA, AUSTRALIA, DENMARK, SWEDEN, FRANCE, AND OTHERS-- HAVE DONE LIKEWISE. YET, A FEW

COUNTRIES-- SUCH AS BRITAIN, WEST GERMANY, ITALY, AND JAPAN-- STILL IMPORT LARGE QUANTITIES OF SOUTH AFRICAN COAL, AND WILL CONTINUE TO DO SO UNLESS THERE IS PRESSURE FROM THE U.S. COAL IS VERY IMPORTANT TO THE SOUTH AFRICAN GOVERNMENT. IT IS SOUTH AFRICA'S SECOND LARGEST FOREIGN EXCHANGE EARNER, AFTER GOLD. AND A SOUTH AFRICAN COAL IMPORT BAN IS FULLY SUPPORTED BY THE 400,000-MEMBER NATIONAL UNION OF MINEWORKERS OF SOUTH AFRICA. YET, THE REAGAN ADMINISTRATION UNDERMINED THIS SANCTION BY ENSURING THAT OTHER COUNTRIES WOULD NOT HAVE TO IMPOSE IT.

FOR ALL THOSE WHO WOULD LISTEN, EVERY BLACK SOUTH AFRICAN LEADER AND ORGANIZATION OF STATURE HAS CALLED ON THE INTERNATIONAL COMMUNITY TO IMPOSE ECONOMIC SANCTIONS, INCLUDING CORPORATE DISINVESTMENT, AS THE LAST REMAINING HOPE FOR A PEACEFUL SETTLEMENT TO SOUTH AFRICA'S PROBLEMS. BECAUSE SOUTH AFRICA DEPENDS ON FOREIGN CORPORATE INVESTMENT AND TRADE TO CONTINUE THE APARTHEID SYSTEM, BLACK SOUTH AFRICANS HAVE CALLED FOR THE REMOVAL OF THAT INVESTMENT AND TRADE AS A MEANS TO WEAKEN THE SOUTH AFRICAN GOVERNMENT AND FORCE IT TO THE NEGOTIATING TABLE WITH THE LEGITIMATE LEADERS OF THE BLACK COMMUNITY.

THIS CALL HAS COME FROM THE CONGRESS OF SOUTH AFRICAN TRADE UNIONS, THE NATIONAL COUNCIL OF TRADE UNIONS, THE SOUTH AFRICAN COUNCIL OF CHURCHES, THE UNITED DEMOCRATIC FRONT, AND THE AFRICAN NATIONAL CONGRESS, AMONG OTHERS.

WE IN THE AMERICAN LABOR MOVEMENT LOOK TO THE BLACK TRADE UNIONS FOR GUIDANCE ON THESE QUESTIONS. THE UNITED MINE WORKERS OF AMERICA MAINTAINS CLOSE FRATERNAL TIES WITH THE NATIONAL UNION OF MINEWORKERS OF SOUTH AFRICA, THE LARGEST UNION IN THE CONGRESS OF SOUTH AFRICAN TRADE UNIONS-- COSATU. AT ITS FOUNDING CONVENTION IN DECEMBER 1985, COSATU SPOKE LOUDLY AND CLEARLY:

"INTERNATIONAL PRESSURE...INCLUDING DISINVESTMENT OR THE THREAT OF DISINVESTMENT IS AN ESSENTIAL AND EFFECTIVE FORM OF PRESSURE ON THE SOUTH AFRICAN REGIME AND WE SUPPORT IT."

THE BLACK UNIONS AND OTHER SIGNIFICANT BLACK ORGANIZATIONS CONSIDER ANYTHING LESS THAN THIS AS INADEQUATE.

THIS IS WHY THE UNITED MINE WORKERS OF AMERICA JOINED WITH THE AFL-CIO, THE FREE SOUTH AFRICA MOVEMENT, THE NAACP, AND OVER 70 OTHER NATIONAL UNIONS, CHURCHES, CIVIL RIGHTS, AND COMMUNITY ORGANIZATIONS TO LAUNCH A BOYCOTT OF THE ROYAL DUTCH/SHELL CORPORATION.

FOR YEARS, ROYAL DUTCH/SHELL SUPPLIED CRUDE OIL DIRECTLY TO SOUTH AFRICA; IT NOW DOES SO USING MIDDLEMAN COMPANIES. SHELL JOINTLY RUNS SOUTH AFRICA'S LARGEST OIL REFINERY AND OPERATES HUNDREDS OF GASOLINE STATIONS. IT ALSO IS A PARTNER IN AN OIL PIPELINE AND AN OIL DISCHARGE BUOY. IT SUPPLIES THE SOUTH AFRICAN MILITARY AND POLICE WITH NEEDED FUEL TO CONTINUE THEIR BRUTAL CRACKDOWN ON THE BLACK RESISTANCE AND THEIR ILLEGAL OCCUPATION OF NAMIBIA. FURTHERMORE, ROYAL DUTCH/SHELL WAS SINGLED OUT BY THE BLACK TRADE UNION MOVEMENT IN SOUTH AFRICA AS BEING A VICIOUS UNION-BUSTER AT ITS RIETSPRUIT COAL MINE THERE.

ROYAL DUTCH/SHELL'S SUPPLY OF OIL TO THE SOUTH AFRICAN GOVERNMENT IS A STRATEGIC PILLAR SUPPORTING THE APARTHEID REGIME. WE ARE CALLING ON ALL AMERICANS OF CONSCIENCE TO STOP PATRONIZING SHELL UNTIL THAT COMPANY DISINVESTS FROM SOUTH AFRICA. BY THE SAME TOKEN, WE ARE SENDING A MESSAGE TO ALL CORPORATIONS INVESTING IN SOUTH AFRICA THAT THE AMERICAN PEOPLE WILL NO LONGER ACCEPT BUSINESS AS USUAL FROM COMPANIES THAT PROP UP APARTHEID.

MR. CHAIRMAN, THESE CITIZEN ACTIONS-- AS IMPORTANT AS THEY ARE-- CANNOT BE A SUBSTITUTE FOR EFFECTIVE GOVERNMENT ACTION. OIL IS ONE SECTOR WHERE SIGNIFICANT GOVERNMENT ACTION COULD BE EFFECTIVE IN HELPING TO ELIMINATE APARTHEID.

OIL IS A STRATEGIC AND ESSENTIAL COMMODITY NECESSARY FOR THE SURVIVAL OF THE SOUTH AFRICAN GOVERNMENT.

WITHOUT OIL, THE SOUTH AFRICAN MILITARY COULD NOT MAINTAIN ITS ARMY, AIR FORCE, AND NAVY. WITHOUT OIL, THE SOUTH AFRICAN MILITARY AND POLICE COULD NOT INVADE AND OCCUPY THE BLACK TOWNSHIPS INSIDE SOUTH AFRICA AND MAINTAIN THE SYSTEM OF APARTHEID. WITHOUT OIL, THE SOUTH AFRICAN MILITARY COULD NOT CONTINUE ITS ILLEGAL OCCUPATION OF NAMIBIA AGAINST THE WILL OF THE NAMIBIAN PEOPLE AND THE INTERNATIONAL COMMUNITY. WITHOUT OIL, SOUTH AFRICA COULD NOT CONTINUE ITS INVASIONS AND AIR BOMBINGS OF ANGOLA, BOTSWANA, ZIMBABWE, ZAMBIA, MOZAMBIQUE, AND LESOTHO.

THE INTERNATIONAL COMMUNITY HAS LONG RECOGNIZED THAT OIL IS SOUTH AFRICA'S ACHILLES HEEL. SOUTH AFRICA HAS NO COMMERCIALLY EXPLOITABLE OIL DEPOSITS OF ITS OWN, NOR DOES IT HAVE SUFFICIENT STOCKS OF OIL TO LAST MORE THAN A YEAR OR TWO.

THE STRATEGIC SIGNIFICANCE OF OIL HAS BEEN RECOGNIZED BY THE SOUTH AFRICAN GOVERNMENT AND THE PETROLEUM COMPANIES SUPPLYING THE OIL.

SOUTH AFRICAN LAWS SUCH AS THE NATIONAL SUPPLIES PROCUREMENT ACT, THE KEY POINT INDUSTRIES ACT, THE OFFICIAL SECRETS ACT, AND THE PETROLEUM PRODUCTS ACT REQUIRE MULTINATIONAL OIL COMPANIES TO SUPPLY FUEL TO THE SOUTH AFRICAN MILITARY AND POLICE, ALLOW THE REGIME TO TAKE OVER OIL OPERATIONS IN A "NATIONAL EMERGENCY," AND CLASSIFY OIL AS A "MUNITION OF WAR."

MOBIL OIL HAS ADMITTED THAT "OIL SUPPLIES ARE THE VERY LIFEBLOOD OF THE ARMY, NAVY, AND AIRFORCE," AND THAT INFORMATION ABOUT REFINING, STORAGE, RESERVES, AND DISTRIBUTION IS "OF THE UTMOST STRATEGIC IMPORTANCE TO THE STATE."

THERE HAVE BEEN CALLS FOR A MANDATORY OIL EMBARGO AGAINST SOUTH AFRICA FOR DECADES. SUCH RESOLUTIONS HAVE BEEN ADOPTED BY THE ORGANIZATION FOR AFRICAN UNITY (OAU), THE ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES (OAPEC), AND THE UNITED NATIONS GENERAL ASSEMBLY. OPPOSITION BY THE UNITED STATES AND OTHERS, HOWEVER, HAS PREVENTED THE U.N. SECURITY COUNCIL FROM IMPOSING A MANDATORY OIL EMBARGO THUS FAR.

MR. CHAIRMAN, IN ADDITION TO OUR SUPPORT OF S.556, INTRODUCED BY SENATOR CRANSTON, THE UNITED MINE WORKERS IS SUPPORTING LEGISLATION RECENTLY INTRODUCED IN THE HOUSE OF REPRESENTATIVES BY CONGRESSMAN BOB WISE OF WEST VIRGINIA, H.R. 3317. THIS BILL WOULD REQUIRE U.S.-BASED OIL CORPORATIONS TO DISINVEST FROM SOUTH AFRICA WITHIN 12 MONTHS AND WOULD DENY ALL OIL CORPORATIONS THE PRIVILEGE OF BIDDING ON U.S. FEDERAL OIL, GAS, AND COAL LEASES AS LONG AS THEY CONTINUE TO REFINE, STORE, TRANSPORT, OR DISTRIBUTE CRUDE OR REFINED PETROLEUM PRODUCTS IN SOUTH AFRICA.

I WOULD LIKE TO HIGHLIGHT THIS SECOND PROVISION BECAUSE IT IS A UNIQUE FEATURE IN SANCTIONS LEGISLATION AND IS NOT INCLUDED IN THE CRANSTON BILL. THE U.S. GOVERNMENT CAN REQUIRE U.S.-BASED OIL CORPORATIONS TO STOP DOING BUSINESS IN SOUTH AFRICA, BUT IT DOES NOT HAVE SIMILAR CONTROL OVER THE EUROPEAN-BASED COMPANIES. OUR GOVERNMENT CAN, HOWEVER, PROVIDE AN IMPORTANT INCENTIVE TO THESE COMPANIES AS ONE THE LARGEST LEASERS OF OIL, GAS, AND COAL LANDS IN THE WORLD. I AM CONVINCED THAT THESE COMPANIES WILL HAVE NO TROUBLE CHOOSING DOING BUSINESS IN THE UNITED STATES OVER DOING BUSINESS IN

SOUTH AFRICA, IF FORCED TO CHOOSE. FOR THE FIRST TIME, U.S. SANCTIONS LEGISLATION WOULD EFFECTIVELY HAVE A MULTILATERAL IMPACT AND WOULD EFFECTIVELY STOP NON-U.S. COMPANIES FROM FILLING THE GAP LEFT BY THE DEPARTURE OF U.S.-BASED CORPORATIONS. MR. CHAIRMAN, I STRONGLY ENCOURAGE THE INTRODUCTION AND PASSAGE OF THIS LEGISLATION IN THE SENATE.

THE TIME FOR MANDATORY, COMPREHENSIVE SANCTIONS AGAINST SOUTH AFRICA HAS LONG SINCE PAST. LET US AS A GOVERNMENT EMBRACE THE FORCES OF LIBERATION, FREEDOM, AND JUSTICE FOR ALL SOUTH AFRICANS, INSTEAD OF THE FORCES OF RACISM, OPPRESSION, AND REACTION. LET US HAVE A POLICY ALL AMERICANS CAN BE PROUD OF.

THANK YOU.

PREPARED STATEMENT OF SENATOR SYMMS

MR. CHAIRMAN AND MEMBERS OF THE FOREIGN RELATIONS SUBCOMMITTEE ON AFRICAN AFFAIRS,

THANK YOU FOR ALLOWING ME TO TESTIFY TODAY ON THIS MOST IMPORTANT SUBJECT. THE COMPLEX ISSUE OF U.S. POLICY TOWARDS SOUTH AFRICA HAS BECOME INCREASINGLY IMPORTANT. ONE AREA WHICH IS OF GREAT CONCERN TO ME IS THE DRAMATIC RISE IN U.S. DEPENDENCE UPON COMMUNIST BLOC COUNTRIES FOR OUR STRATEGIC AND CRITICAL MATERIALS.

THE IMPORTANCE TO THE UNITED STATES OF STRATEGIC MATERIALS SUCH AS COBALT, MANGANESE, PLATINUM, CHROMIUM, VANADIUM, FERROCHROMIUM, FERROMANGANESE, AND OTHER ALLOYS AND STRATEGIC AND CRITICAL MATERIALS WITHIN THE MEANING OF THE STRATEGIC AND CRITICAL MATERIALS STOCKPILING ACT, IS WELL KNOWN TO MY COLLEAGUES ON THIS SUBCOMMITTEE.

As you know, I was the chief sponsor of the Senate amendment which would allow a provision of the Anti-Apartheid measure to be suspended if it resulted in increased reliance on the Soviet Union or on another Soviet bloc country for a strategic mineral. That amendment stated, in relevant part, that "the President may lift any prohibition contained in the the "Anti-Apartheid Act" imposed against South Africa if the President determines, after six months from the date of the imposition of such prohibition, and so reports to Congress, that such prohibition would increase United States dependence upon any member country or observer country of the Council for Mutual Economic Assistance (C.M.E.A.) for the importation of coal or any strategic or critical material to an amount which exceeds by weight the average amounts of such imports from such country during the period of 1981 through 1985."

Mr. Chairman, I have often been asked why I did not believe the committee bill's language in section 303 (a) regarding strategic minerals to be adequate. In answering, there are several reasons, but by far the most important is to be found in title 5, section 501 of the bill. This section states that:

> It shall be the policy of the United States to impose additional measures against the Government of the Republic of South Africa if substantial progress has not been made within 12 months of the date of enactment of this Act in ending the system of apartheid and establishing a non-racial democracy.

Among these additional measures is the imposition of further sanctions of strategic minerals. Mr. Chairman, I quote from section 501, subsection (c), paragraph (5):

> A prohibition on the importation into the United States of strategic minerals from South Africa.

My amendment simply seeks to ensure that by imposing sanctions against South Africa, we do not become more dependent on the extremely unreliable Communist bloc nations of the Council for Mutual Economic Assistance for our strategic minerals. The Symms amendment was heartily endorsed by Democrats and Republicans. In fact, the current Chairman of the Foreign Relations Committee, Senator Pell stated:

> "I think the amendment . . . is an excellent amendment. I trust we will all support it."

Support it we did. The Senate unanimously accepted the amendment by voice vote.

The Symms amendment contains a two-part test which I believe is easy to apply. First, the U.S. importation of the strategic mineral from a C.M.E.A. country must be in excess of the average amount of import of that mineral from that country during the period from 1981 to 1985. We have already seen that this is the case with a wide variety of strategic minerals. Second, this increase must be as a result of a provision in the sanctions bill. This can be either the direct or indirect result of such a provision.

As I stated, Mr. Chairman, circumstances which currently exist meet the requirements of the first part of the test. According to the September 11, 1987, report of the Bureau of the Census and Office of Strategic Resources of the Department of Commerce, during the "Base Period" (1981 to 1985), the U.S. did not import any technical specified rubber from the Soviet bloc. Following the imposition of sanctions, the U.S. imported a monthly average of 12,346 pounds of technical specified rubber from Poland.

During the Base Period, the U.S. imported only a monthly average of two carats of industrial diamonds from the Soviet Union.

Following the imposition of sanctions, imports from the Soviets increased to a monthly average of 133 carats. Mr. Chairman, that is a 6,550 percent increase.

During the Base Period, the U.S. imported a monthly average of 479 gross tons of chrome ore from the Soviets. Following sanctions, that figure rose to a monthly average of 4,293 gross tons -- a 796 percent increase.

During the base period, the U.S. did not import any platinum sponge from Czechoslovakia or Yugoslavia, and imported only a monthly average of 874 troy ounces from the Soviets. Following the imposition of sanctions, those figures rose to monthly averages of 147 troy ounces, 179 troy ounces, and 993 troy ounces from Czechoslovakia, Yugoslavia, and the Soviet Union respectively.

During the base period, the United States did not import any palladium from Czechoslovakia. After sanctions, it imported 212 troy ounces per month.

During the base period, the U.S. imported only 620 troy ounces per month of rhodium from the Soviet Union. After sanctions, that figure was 2,544 troy ounces per month -- a 310 percent increase.

During the base period, the U.S. imported a monthly average of 3,896 troy ounces of palladium bars, plates, etc., from the Soviets. After sanctions~~,~~ that figure was 7,097 which is an 82 percent increase.

Mr. Chairman, rather than going through each example of increased dependence on the Soviet bloc, I would ask that a table outlining the situation with each strategic material be placed in the record following my remarks.

Suffice it to say that the U.S. has experienced a 287 percent increase in silver bullion from the Soviet bloc, a 411 percent increase in ferrosilicon with a 30 to 60 percent silicon content, a 70 percent increase in ferrosilicon manganese, a 31 percent increase in wrought aluminum rods under 3/8 of an inch ~~in~~ diameter, a 491 percent increase in wrought aluminum angles, a 219 percent increase in unplated and uncoated aluminum wire, and a 6,411 percent increase in antimony.

The list goes on Mr. Chairman, and I urge everyone here to look at the table I have included.

These incredible increases should be enough to shock the members of this subcommittee. We are not talking about umbrellas, toys, and fashion designs. We are talking about strategic minerals which are critical to the manufacture of bullets, computers, radar, sonar, military vehicles, and other products essential to U.S. security. And, Mr. Chairman, we are talking about minerals which, in many cases, are available only from South Africa and the Soviet Union.

It does not make any difference for purposes of the Symms amendment; nor does it make any difference for purposes of our security, that increasing U.S. demands for these goods are resulting in increased imports from South Africa, at the same time that imports from the Soviets are increasing.

Demand for these substances was increasing during the five years before sanctions were imposed, and yet the U.S. was able to turn to South African supplies in order to absorb those increased demands. That increased demands can no longer be taken care of without resorting to Soviet imports can only be interpreted as a direct result of the sanctions legislation.

The fact is that, for the five years preceding the sanctions bill, the United States did not find it necessary to import any technical specified rubber, or small unwrought aluminum rods, or coated or plated aluminum wire from the Soviet bloc. This was true even when demand for these materials was increasing. That the U.S. suddenly finds it necessary to rely on the Soviet bloc immediately after the imposition of sanctions is no coincidence.

Neither is it a coincidence that reliance on the Soviet bloc for chrome ore, silver bullion, and ferrosilicon manganese was going up at the same time as South African imports were going down.

Mr. Chairman, our country's security must be our most important consideration in this case. The figures which the Commerce Department has produced pursuant to Congressional mandate amply demonstrate that the sanctions legislation now threatens our own strategic security interests. Under the circumstances, it is time for the Senate and the President to consider whether those provisions in the "Anti-Apartheid" legislation which now threaten our security should not be suspended.

IMPLEMENTATION OF THE COMPREHENSIVE ANTI-APARTHEID ACT OF 1986 AS OF OCTOBER 20, 1987

Chronology of Actions Undertaken to Comply with the Act

October 2, 1986	Comprehensive Anti-Apartheid Act of 1986 (Pub. L. 99-440) enacted into law.
	Statement issued by the President that the Administration "will implement the law."
	Transfer (by statute) of South Africa's sugar quota to the Philippines.
October 3, 1986	Interim order issued by Customs detaining all imports from South Africa pending issuance of implementing regulations.
	Draft Executive Order delegating authority to appropriate agencies to implement the Act forwarded by the State Department to OMB for inter-agency review.
October 8, 1986	Notice of termination of US-South African Air Services Agreement signed by the State Department (a function directly conferred on State under the Act).

October 15, 1986	Notice of termination of US-South African Convention for the Avoidance of Double Taxation and related Protocol signed by the State Department (a function directly conferred on State under the Act).
October 22, 1986	Final rule issued by the State Department amending existing South Africa and Fair Labor Standards Regulations to conform with the Act.
October 27, 1986	Executive Order 12571 signed by the President delegating authority to implement the Act to the appropriate agencies.
October 28, 1986	Order issued by the Transportation Department directing all interested parties to show cause why landing rights for South African Airways should not be revoked.
November 3, 1986	Proposed Transportation Department order revoking landing rights for South African Airways transmitted to the President for review.
November 7, 1986	Technical amendments to the Act (Pub. L. 99-631) signed into law by the President.
November 10, 1986	Notice issued by the State Department identifying which South African firms are "parastatal organizations" for purposes of the Act.
November 13, 1986	Transportation Department order revoking landing rights for South African Airways becomes effective as of November 16, 1986.
November 14, 1986	Final rule issued by the Treasury Department amending South African Transactions Regulations to implement the Act's immediately effective prohibitions (prohibitions on iron, steel, food, agricultural, and parastatal imports).
	Notice of interpretation issued by the Treasury Department of Product Guidelines applicable to the Act's immediately effective prohibitions.
	Final rule issued by the Treasury Department amending existing South African Transactions Regulations (prohibiting imports of South African gold coins and loans to the South African Government) to conform with the Act.
	Final regulations issued by the Treasury Department implementing the Act's prohibition on Soviet gold coin imports.
December 19, 1986	Final rule issued by the Treasury Department amending South African Transactions Regulations to implement the Act's new investment and South African Government bank account prohibitions.
	Final rule issued by the State Department amending existing International Traffic in Arms Regulations to conform with the Act.

	Report to the Congress transmitted by the Commerce Department on the extent of U.S. reliance om strategic minerals imports from CMEA countries from 1981-1985.
January 8, 1987	Report to the Congress transmitted by AID on health conditions in the homelands.
	Report to the Congress transmitted by the State Department on the activities of the SACP in South Africa.
January 14, 1987	Certification to the Congress transmitted by the State Department on which South African imports are "strategic minerals" for purposes of the Act's prohibition on parastatal products.
January 15, 1987	Final rule issued by the Commerce Department amending Export Administration Regulations to implement the Act's prohibition on oil exports to South Africa and amending existing Export Administration Regulations (controlling computer exports to South Africa) to conform with the Act.
Mid-January, 1987	Report to the Congress transmitted by AID on U.S. economic assistance for disadvantaged South Africans.
February 6, 1987	Report to the Congress transmitted by the State Department on the extent of U.S. reliance on imports of strategic materials from South Africa.
February 26, 1987	Final rule issued by the Treasury Department amending South African Transactions Regulations to implement the Act's prohibitions on uranium ore and oxide, coal, and textiles imports.
	Interim rule issued by the Treasury Department on temporary importation of uranium ore and oxide (accompanied by request for public comments to clarify Congressional intent on uranium ore and oxide import prohibition).
	Notice of interpretation issued by the Treasury Department of Product Guidelines applicable to prohibitions on uranium ore and oxide, coal, and textiles imports.
February 28, 1987	Final rule issued by the Treasury Department amending South African Transactions Regulations and accompanying Product Guidelines re: entry of South African animal hides.
March 20, 1987	Revised notice issued by the State Department identifying which South African firms are "parastatal organizations" for purposes of the Act.
	Report to the Congress transmitted by AID on the economy of southern Africa and the role of U.S. economic assistance.

April 2, 1987	Report to the Congress transmitted by the State Department on compliance with the U.N. arms embargo against South Africa.
	Report to the Congress transmitted by the State Department on U.S. efforts to negotiate multilateral measures to end apartheid.
April 9, 1987	Report to the Congress transmitted by the Treasury Department on the feasibility of prohibiting accounts by South African nationals in U.S. banks.
May 12, 1987	Report to the Congress transmitted by the State Department on relations between other industrialized democracies and South Africa and on economic and other measures adopted by the other industrialized countries to end apartheid.
May 19, 1987	Report to the Congress transmitted by the Commerce Department on the extent of current U.S. reliance (January 1987) on strategic minerals imports from CMEA countries (monthly recurring requirement).
July 2, 1987	Notice of interpretation issued by the Treasury Department stating that the interim regulation on the temporary importation of uranium ore and oxide was allowed to lapse.
September 11, 1987	Report to the Congress transmitted by the Justice Department on the status of actual and alleged violations of the Foreign Agents Registration Act by representatives of governments or movements in Subsaharan Africa.
October 1, 1987	President signs a twelve month report to Congress on the lack of progress in that country and recommending that no new sanctions be imposed

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DEPARTMENT OF JUSTICE--REPORT TO THE CONGRESS AS REQUIRED UNDER SECTION 512 OF THE COMPREHENSIVE ANTI-APARTHEID ACT OF 1986--SEPTEMBER 11, 1987

The following report is a fulfillment of Section 512 of the Comprehensive Anti-Apartheid Act of 1986 (PL 99-440) which requires the Attorney General to report "on actual and alleged violations of the Foreign Agents Registration Act of 1938, and the status of any investigation pertaining thereto, by representatives of governments or opposition movements in Subsaharan Africa, including, but not limited to, members or representatives of the African National Congress."

The Department of Justice, by filing a criminal information on October 31, 1986, against John P. McGoff, culminated an investigation into allegations that the former South African Department of Information and McGoff had engaged in a joint endeavor to acquire the now-defunct Washington Star. The purposes of the endeavor were to promote a positive public image of South Africa, to publicize South Africa's point of view in Washington, D.C., in an effort to change American policy toward South Africa and to enhance the political and media influence of McGoff so that he could be a more effective supporter of South African projects in the United States.

The information charged McGoff with a willful failure to register under the Act. The District Court for the District of Columbia ruled on December 19, 1986, that the Statute of Limitations barred the prosecution of McGoff even though failure to register under FARA is defined as a continuing offense. This decision was appealed to the Court of Appeals for the District of Columbia where oral argument was heard on May 18, 1987; the Court has not yet rendered its decision.

Further, the Registration Unit of the Criminal Division conducted inspections of the following three registrants to insure that their filings under the FARA were accurate and complete: the African National Congress (ANC), the South West African People's Organization (SWAPO) and the U.S.-Namibia (South West Africa) Trade and Cultural Council (Council). These inspections were also conducted in response to the Congressional mandate that particular attention be focused on registrants representing principals of Subsaharan Africa countries. A summary of these inspections follows:

1. African National Congress (ANC)

The African National Congress of South Africa (ANC) has two registered agents in the United States, the New York office which receives most of its funds from the United Nations (U.N.), and functions primarily as a permanent observer to the United Nations, and a Washington office, which represents the ANC to the U.S. Government and public. The Washington office is headed by Madumane Matabane, formerly of the New York office, who registered as the ANC's Washington representative in June, 1979. Matabane's departure from the ANC permanent observer's office resulted in more complete and accurate reporting of his activities, but a decline in reporting by the New York office.

On December 15, 1986 Registration Unit personnel conducted an inspection of the records of the New York office of ANC as part of the longstanding effort to resolve numerous deficiencies in their reporting.

The books and records relating to the ANC's non-United Nations activities were inspected, and adequate disclosures of that office's speaking engagements, media appearances and magazine and newsletter distribution were filed on March 31, 1987. A subsequent inspection of the financial records of the registrant confirmed the general accuracy of the financial information provided for the last eight years, but also resulted in a request for certain amendments to insure full and complete disclosure.

2. South West African People's Organization (SWAPO)

SWAPO's sole presence in this country is an office maintained at 801 Second Avenue in New York City. Besides a small clerical staff, it serves as the base for the one or two representatives serving as SWAPO's delegates to the United Nations and as its agents in the United States.

The United Nations has granted SWAPO permanent observer status, and this is the office's primary function. It subsists almost entirely on funds granted by the United Nations.

Registration under the Act is necessitated by its secondary and comparatively minor function as SWAPO's representative in this country.

On February 18, 1987, an inspection pursuant to Section 5 of FARA was conducted by Registration Unit personnel at SWAPO's New York office. The registrant's records of its non-United Nations related activities are segregated from its United Nations related records and were contained in one file cabinet. All the documents in this cabinet were reviewed. We did not examine any documents relating to SWAPO's work with the United Nations except for several information packets which are distributed to United Nations members.

The inspection showed that SWAPO has substantially complied with the reporting requirements of the Act. No major activity or significant financial transaction has been omitted from its supplemental statements. The registrant's reporting of its activities is not as detailed as it should be. It tends toward the generic style of reporting rather than itemizing specific activities such as speaking engagements and media interviews. Its financial reporting also needs to be more detailed, particularly with respect to expenditures and reimbursements for travel.

None of these failings is significant. However, amendments were solicited with respect to its financial activities. In addition, SWAPO was advised of what is expected of it in terms of reporting its activities in future supplemental statements.

3. U.S.-Namibia (South West Africa) Trade & Cultural Council, Inc.

The U.S.-Namibia (South West Africa) Trade & Cultural Council, Inc. (Council) was registered as a foreign agent for the Administrator-General of Namibia from approximately September

1980 to approximately September 1985. The individuals who directed the Council for at least three years or more were Carl L. Shipley and Marion H. Smoak, partners in the law firm of Shipley Smoak Henry & Holdgreiwe.

Registration Unit personnel inspected the books and records of the Council, in April and May, 1987, and the inspection revealed apparent violations of the Act. A report of the results of the inspection is being prepared. This report will contain recommendations for appropriate administrative or enforcement action.

REPORT TO THE CONGRESS PURSUANT TO SECTION 501 OF THE COMPREHENSIVE ANTI-APARTHEID ACT OF 1986--EXECUTIVE SUMMARY

Pursuant to Section 501 of the Comprehensive Anti-Apartheid Act of 1986 (The Act), the President has transmitted to the Speaker of the House and the Chairman of the Committee on Foreign Relations of the Senate, a report on the extent to which significant progress has been made toward ending the system of apartheid and establishing a nonracial democracy in South Africa. Included is the President's recommendation on which suggested additional measures, if any, should be imposed on that country.

The report concludes that there has not been significant progress toward ending apartheid since October, 1986, and that none of the goals outlined in Title I of the Act--goals that are shared by the Administration and the Congress--have been fulfilled. Moreover, the South African Government's response to the Act over the past year gives little ground for hope that this trend will soon be reversed or that additional measures will produce better results.

In reviewing the twelve-month period since the Act became law, the report describes a continuing bleak situation for blacks in South Africa who face increased repression, harassment, and--even in the case of a significant number of minors--imprisonment. Press censorship has been intensified, and illegal cross border raids by South African security forces into neighboring countries have resulted in the loss of innocent lives.

In the economic area, the report points out that sanctions have had minimal impact on interrupting South Africa's external trade because of that country's ability to find substitute markets for its products outside the United States. Where there has been a significant impact, notably in the coal and sugar industries, the loss of export markets in the United States has caused hardship among black workers who are experiencing greater rates of unemployment. Overall, South Africa's economic performance has not been robust due to the poor investment climate, unfavorable international conditions, and drought in the farming areas. Sanctions have incrementally exacerbated an already existing problem.

The report also takes note of considerable disinvestment by American companies since the beginning of the recent unrest in South Africa. The report points out that the most painful impact of this trend toward disinvestment has been the disappearance of company-funded social, housing, educational, and job training programs designed to improve living standards and career opportunities for black South Africans.

In political terms, the Comprehensive Anti-Apartheid Act of 1986, which followed selective measures instituted by Executive Order in 1985, sent a strong message of abhorrence of apartheid on the part of the American people. The immediate result, however, was a marked reduction in our ability to persuade the South African Government to act responsibly on human rights issues and to restrain its behavior in the region. Perhaps the single ray of hope during the period under review was the appearance of ferment within the Afrikaner community where there is increasing public discussion of "power sharing." While this and similar terms being discussed are still devoid of quantifiable substance, they may be a precursor to eventual negotiations between the South African Government and the black leadership, a goal which the U.S. Government will be seeking to promote.

Because of the President's conclusion that the economic sanctions embodied in the 1986 Act have not been effective in meeting the goals on which the Congress and the Administration agree, and his conviction that additional measures would be counterproductive, the President recommends against the imposition of any additional measures at this time, including those mentioned in Section 501(c) of the Act, and continues to believe that the current punitive sanctions against South Africa are not the best way to bring freedom to that country.

What the United States now needs is a period of active and creative diplomacy--bilaterally as well as in consultation with our allies and with our friends in southern Africa--focusing on doing all that is possible to bring the peoples of South Africa together for meaningful negotiations leading to the creation of a democratic society. The essence of this process is to state clearly what goals and values the West supports, rather than simply to reiterate what it opposes. This was the purpose of Secretary Shultz's public articulation on September 29 of the concepts which must be addressed by all South Africans to undergird a settlement of political grievances and the formation of a just, constitutional, and democratic order in South Africa. His statement delineates precisely the values that the West stands for and wishes to see negotiated by South Africans as they chart a future free of apartheid.

REPORT TO CONGRESS PURSUANT TO SECTION 501 OF THE COMPREHENSIVE ANTI-APARTHEID ACT OF 1986

Pursuant to Section 501 of the Comprehensive Anti-Apartheid Act of 1986 (the Act), I am transmitting to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate, a report on the extent to which significant progress has been made toward ending the system of apartheid and establishing a nonracial democracy in that country. Included also is my recommendation on which suggested additional measures, if any, should be imposed on South Africa.

Background

In Executive Order 12571, I directed all affected executive departments and agencies to take all steps necessary, consistent with the Constitution, to implement the requirements of the Act. I am pleased to be able to report that the Act has been implemented fully and faithfully. Executive departments and agencies are to be complimented for their excellent work in carrying out this complex piece of legislation.

The legislation sets out yardsticks by which to measure the effectiveness of the approach it embodies. The specific goals are laid out in the legislation itself. The Act, in Section 101, states that it and other actions of the United States were intended to encourage the Government of South Africa to take the following steps:

-- Bring about reforms leading to the establishment of a nonracial democracy in South Africa.

-- Repeal the State of Emergency and respect the principles of equal justice under law for all races.

-- Release Nelson Mandela, Govan Mbeki, and Walter Sisulu and all political prisoners and black trade union leaders.

-- Permit South Africans of all races the right freely to form political parties, express political opinions, and otherwise participate in the political process.

-- Establish a timetable for the elimination of apartheid laws.

-- Negotiate with representatives of all racial groups in South Africa the future political system in South Africa.

-- End military and paramilitary activities aimed at neighboring states.

The Status of Apartheid: October 1986 to October 1987

I regret that I am unable to report significant progress leading to the end of apartheid and the establishment of a nonracial democracy in South Africa. Indeed, the following review of events in South Africa since October, 1986 provides very little hope for optimism about the immediate future.

The State of Emergency has not been repealed. Instead, the earlier decree was toughened, press restrictions were tightened, and an increasing number of foreign journalists (including Americans) were expelled. Nelson Mandela, Govan Mbeki, Walter Sisulu, and other key prisoners have not been released. Instead, the number of political prisoners detained by the Government has vastly increased, including the detention of large numbers of minors, although some detained children were later set free.

South Africa is not any closer in late 1987 to respecting free speech and free political participation by all its citizens than it was one year ago. No timetable has been set for the elimination of the remaining apartheid laws. No clear and credible plan has been devised for negotiating a future political system involving all people equally in South Africa, and many of the legitimate representatives of the majority in that country are still "banned," in hiding, or in detention. The Government of South Africa has not ended military and paramilitary activities aimed at neighboring states. Instead, such activities have been stepped up, as can be seen by Pretoria's April, 1987 raid against targets in Livingstone, Zambia; its May, 1987 incursion into Maputo, the capital of Mozambique; and the increase in unexplained deaths and disappearances of anti-apartheid activists throughout the region. The cycle of violence and counterviolence between the South African Government and its opponents has, if anything, gotten worse.

Internal Political Situation: Status of Race Relations

The absence of progress toward the end of apartheid has been reflected in generally negative trends in South Africa's internal political-economic situation during the past year.

In the recent whites-only election in South Africa, the National Party attempted to exploit a nationalistic backlash to foreign interference. Without any doubt, external factors played some role in the sizable vote totals for the National Party's right-wing opposition as well as for the ruling party itself. However the election results are interpreted, they appear to have put a brake on any inclination toward fundamental reform by the South African Government. They also helped to discredit the anti-apartheid stand of the Progressive Federal Party and have put the current government in the position of having to deal with an official opposition which for the first time in 40 years is to the right, not the left.

Even before the elections, and more so after their conclusion, the South African Government has spared no effort to stifle domestic unrest. This round of massive unrest, which began in 1984, has been put down with harsh states of emergency. The detentions and other measures taken by the security forces during this period severely damaged the opposition groups inside the country, particularly the United Democratic Front, an umbrella organization committed to the non-violent end of apartheid. The State of Emergency has resulted in the detention of much of the UDF leadership and the silencing of much of the organization's political expression. While the State of Emergency has failed to crush the organization, it has nevertheless powerfully affected its strategies and put the organization on the defensive.

The Government has also been cool to the KwaZulu/Natal Indaba, a convention representing all racial groups and a wide range of social and political organizations in the Natal Province. For many months the Indaba participants have been wrestling on a provincial basis with the great questions that must be addressed by South Africans, including the creation of a nonracial legislature and the drafting of a bill of rights. This process has shown that South Africans are capable of difficult mutual accommodation to advance the cause of racial justice and representative government. Regrettably, the government has been slow to see the wisdom of encouraging such efforts at negotiated change.

Equally disturbing has been the increase in regional tensions triggered in part by a sharp expansion of South African military, para-military, and covert operations. South African security forces have in the last year raided Livingstone in Zambia and Maputo in Mozambique, in violation of international law and, in the case of Mozambique, in violation of the Nkomati Accords (which established a regime of peaceful cooperation between the South African and Mozambican Governments). These raids, purportedly directed at the African National Congress, resulted in the deaths of innocent civilians. South African forces have also been engaged in a variety of other largely covert efforts in Swaziland, Botswana, and Zimbabwe aimed at keeping their neighbors off-balance and deflecting public attention away from the imperative of change at home and toward foreign sources of support for its opponents. Our sanctions were followed by an increase in such ill-considered actions. We have made our views known clearly, but Pretoria appears less inclined to consider external views than was previously the case.

Ferment in the White Community

A positive development has been the continuing ferment in the white South African community, reflecting, among many other internal and external factors, the messages of outrage and frustration sent by the United States and other interested nations.

Particularly notable is the debate occuring within the subcommunity of Afrikaans-speakers. The last year has seen the candidates (during the May elections) of the "independents" who broke away from their traditional philosophical home in the ruling National Party; the "revolt" of the University of Stellenbosch academics who deserted the National Party as a show of protest against apartheid; the increasing visibility of the extraparliamentary opposition, exemplified by the former head of the Progressive Federal Party, Frederick van Zyl Slabbert; and, most recently, the meeting in Dakar between leading Afrikaners and representatives of the exiled African National Congress, sponsored by Slabbert's Institute for a Democratic Alternative for South Africa (IDASA), and hosted by Senegal's President Diouf.

Even within the government, there have been hesitant, heavily qualified statements from the Cabinet concerning "power sharing" and the need to negotiate with black leaders. South Africans have not yet identified a realistic formula on which to base and begin serious negotiations, but the issue is surfacing publicly and is being discussed. Such developments suggest that despite all the negative things that have occured in recent years--the violence, killings, and repression--there continue to be forces at work in South Africa that yet may lead to progress toward a negotiated settlement. South Africans are continuing to seek ways out of the impasse. Today, it is clearer than ever that the travesty of apartheid is South Africa's to solve.

South African Economy

South Africa's economy is "open" by world standards in the sense that a relatively high percentage of its gross domestic product derives from a combination of exports and imports. South Africa is a trading nation, which suggests that its economy would be relatively vulnerable to our sanctions. Yet this is not necessarily the case. The nature of South Africa's exports is such that the majority of export earnings come from sales of primary products--gold and other metals and minerals--that have a ready market internationally whether or not we choose to buy them.

After years of contending with embargoes on arms and oil, South Africa has shown itself adept at evading sanctions. The easiest way to avoid sanctions is completely overt--simply shift to new export markets. The evidence available to us indicates that South Africa has been largely successful at developing new markets, both because of their willingness to undercut competitors' prices and because of the quality of their products and the perception by much of the world that South Africa is a reliable supplier. Although the sanctions voted by Congress in 1986 potentially affect a large percentage of South African industries, many still operate at capacity--albeit with somewhat lowered profit margins--because of their success in developing new export markets. New export markets for South African agricultural products, metals, and textiles have been found in the Far East, parts of the Middle East, and Latin America and, most ironic, in the rest of Africa. In fact, South Africa's trade surplus has risen, not fallen, since we and our major allies imposed trade sanctions last year.

On the other hand, many of the commodities covered by U.S. sanctions were already facing difficult international market conditions and chronic oversupply. It seems clear that sanctions exacerbated these problems and that some of the South African export industries have suffered some damage, including the sugar, coal, and iron and steel sectors.

South Africa is slowly recovering from an economic recession that began in 1981. This recession and sanctions, combined with the absence of business confidence and the resulting decline in new investments, have been major elements in the country's poor economic performance. It is important to appreciate, moreover, that although the South African Government has been able to avoid some of the economic effects of our sanctions in the short term, the long-term effect on unemployment and growth rates may well be more serious. There is a growing consensus among economists that a combination of sanctions, South Africa's inability to attract foreign capital, and a variety of other factors will mean that, at best, South Africa's gross domestic product growth will likely hover between 2.5 and 3.5 percent per annum for the foreseeable future. Yet studies indicate that annual real growth of 5 to 6 percent will be necessary to create jobs for the 350,000 new workers who will enter the labor force each year. To the extent that our sanctions contribute to a slowdown in real growth, we will have contributed both to an increase in unemployment that will hit blacks hardest, as population growth continues to outstrip economic growth, and to an erosion of prospects for economic progress by blacks in the future, once apartheid has ended.

In fact, economic growth and the openness of the South African economy have been among the major forces eroding apartheid. They also offer the best chance of bringing about its end. Black economic empowerment is one of the keys to progress. An open and dynamic economy provides jobs and skills for the majority of the population, provides the indispensable base for trade unions to address their grievances, and inevitably will improve educational possibilities for blacks as economic growth demands a better educated labor force.

In the overall economic context, a phenomenon worthy of note is the trend toward disinvestment among American-owned business firms in South Africa. The value of U.S. direct investment in South Africa has been cut nearly in half by disinvestment--from $2.4 billion in 1982 to approximately $1.3 billion in 1986. By now, it is probably less than $1 billion. In most cases, U.S. firms have sold their South African holdings to their local managers and/or employees. Most of the rest have been sold to other firms, usually South African white-owned competitors, at fire-sale prices. In very few cases have these companies pulled up stakes altogether. Despite disinvestments, the products and services of departing U.S. firms remain generally available in South Africa. The main impact of disinvestment has been to damage fair labor standards programs. There is no question but that many projects in education, training, and community improvement funded by major foreign investors have been damaged or eliminated. During the past decade, U.S. companies have spent nearly $200 million on such projects. Because of disinvestment, this vital source of manpower and community development assistance has been severely cut back.

The concentration through disinvestment of more of South Africa's wealth in local white hands has, at least in the short term, marginally enlarged the economic gap between the races. Blacks at present control only a minute fraction of the country's physical capital and share equity. Black-owned enterprises contribute only about 1 percent to the nation's gross domestic product (although much more black economic activity takes place in the informal sector and goes unrecorded), and we doubt that black ownership totals more than about 2 percent of South Africa's capital stock.

Presidential Recommendations

Section 501(c) of the Act states that if the Government of South Africa has not made significant progress in ending the system of apartheid and establishing a nonracial democracy, the President shall include in this annual report recommendations on the imposition of additional measures from among the five listed in that sub-section.

The two sets of economic sanctions imposed against South Africa to date--by Executive Order in 1985 and by statute in 1986--have sent a clear message to the ruling white community that the American people are outraged by the institutional injustice of apartheid and the basic denial of human rights that it embodies. Although the South African white leadership has reacted defiantly toward these measures, and has chilled the bilateral diplomatic relationship as a result, the message has clearly been registered. The American people have made their feelings clear.

Yet the most important goal of the Act was to pressure the South African Government to meet the unambiguous prescriptions laid out in the Act itself. As indicated above, significant progress has not been made toward ending the system of apartheid and establishing a nonracial democracy in South Africa in the twelve month period since the enactment of the Act.

I have reviewed the suggested additional measures listed in Section 501(c) in light of what we hope to achieve in South Africa as well as the impact of those measures already taken. My conclusion is that the imposition of additional economic sanctions at this time would not be helpful in the achievement of the objectives which Congress, the American people, and I share. While the measures imposed by the 1986 Act have registered an important message to the white South African community, and have contributed to our efforts to broaden our contacts with black opposition groups, the impact has been more negative than positive. I am particularly concerned by evidence that these measures have caused increasing unemployment for black South African workers, especially in such industries as sugar production and coal mining. While our sanctions have accentuated the overall economic stagnation in South Africa, it is clear to me that their impact on the government itself and its political choices have not advanced our goals. The ability of that country to evade sanctions by finding alternate markets for its exports indicates that it would be futile to impose additional measures that would also be harmful to United States strategic or economic interests. In addition, our sanctions measures have made it more difficult for the United States to persuade the South African Government to act responsibly on human rights issues, to move toward negotiations, and to restrain its behavior in the region. I believe that the imposition of additional measures, including those listed in Section 501(c), would exacerbate these negative developments without adding any additional positive benefits in support of our objectives. For these reasons, moreover, I continue to believe that punitive sanctions are not the best way to bring freedom to South Africa.

This experience has illustrated once again the very real constraints on the United States, or any other nation, that tries to impose its own solutions to South Africa's problems. It is clear that in the heat of debate over sanctions against South Africa, Americans on both sides of the issue overestimated the importance of the United States as a factor in the South African matrix. The impact of American sanctions to date has been significant neither in hastening the demise of racism in South Africa nor in punishing the South African Government.

What is needed on the part of the United States is a period of active and creative diplomacy bilaterally as well as in consultation with our allies and friends in Africa focusing on doing all that is possible to bring the peoples of South Africa together for meaningful negotiations leading to the building of a democratic society. The essence of this process is to state clearly what goals and values we in the West support, rather than simply to reiterate what we oppose.

This was the purpose of Secretary Shultz' public articulation on September 29th of the principles we believe must undergird a settlement of political grievances and the formation of a just, constitutional, and democratic order in South Africa. His statement delineates precisely the values that we in the West stand for and wish to see addressed by South Africans as they chart a future free of apartheid. It constitutes an attempt to challenge all parties in the equation with a positive vision of a post-apartheid South Africa, and to lend our moral weight to those many South Africans--a majority, I believe--who have not given up hope.

It is crucial in the coming period that we work with and, where possible, coordinate policies with our principal OECD partners. Aside from the question of the 1986 sanctions measures--which few of our key allies have adopted--our positions and policies are complementary with those of the OECD countries, particularly the United Kingdom, the Federal Republic of Germany, and Japan. We must work with these nations and others to buttress the Front Line States and the region against destabilization and economic decay. We must support and encourage those South Africans, white and black, that are already at work breaking down the barriers of fear, mistrust, and ignorance of each other. We must continue to strive together through public and private endeavors to assist the non-white communities in South Africa to prepare themselves for their rightful role after the inevitable end of apartheid. Most importantly, we must, together, push firmly for progress, change, and negotiation in South Africa, leading to a just and democratic future for that troubled nation.

LETTER FROM THE COALITION ON SOUTHERN AFRICA TO SENATOR HELMS

Mr. Chairman, I am encouraged by the recent formation of a group of prominent black and other religious and educational leaders here in the United States whose want to emphasize a democratic, non-racial post-aprtheid society in South Africa.

In a recent letter from Bishop Richard L. Fisher, President of the coalition, he urged that Congress should "soften or eliminate measures [within the anti-apartheid act] of a punitive nature which can only damage black economic opportunity in South Africa". He also termed as "counterproductive any attempt by Congress to require disinvestment by American corporations".

The members of the Coalition represent religious constituencies of predominantly black congregations in the United States numbering more than 7 million.

I ask consent, Mr. Chairman, to insert the letter from Bishop Fisher as well as other material on the coalition in the record of this hearing.

October 14, 1987

Hon. Jesse Helms
North Carolina - Senior Senator
The United States Senate - 403 DSOB
Washington, DC 20510

Hon. Jesse Helms:

As President of the Coalition on Southern Africa, I am writing you out of a deep conviction that the United States Congress must closely reexamine its current posture towards South Africa and its neighbors.

Congress must continue to pursue the total eradication of apartheid, but at the same time it should recognize that burning American bridges to South Africa has slowed rather than expedited the difficult transition to a democratic, non-racial post-apartheid society.

While some sanctions may be necessary in the short term, a far more enlightened approach would be for Congress to build better bridges to South Africa's black community. programs which enhance black economic opportunity, educational improvement and managerial development are an essential complement to pressure on Pretoria, and they are morally preferable to some punitive strategies which leave damaged lives in their wake.

The Coalition on Southern Africa is composed of clergy and educators representing a constituency in excess of seven million members. The Coalition was formed to provide an independent base of support for private and public efforts to maximize development opportunities for South Africa's majority population--with a view to preparing that majority for the post-apartheid era.

Although the individual members of our Coalition may disagree as to the wisdom of certain provisions of the Comprehensive AntiApartheid Act of 1986, as a whole we believe Congress should strengthen those aspects of the law which promote dialogue within South Africa and which foster black economic development. We urge Congress to soften or eliminate measures of a punitive nature which can only damage black economic opportunity in South Africa.

Finally, we agree with the recent statement of Secretary of State Shultz that "American companies have been in the forefront in the business community in promoting equal opportunities for their employees and in developing managerial skills of blacks." I recently wrote President Reagan a letter in support of the continued good works of American firms in South Africa. The Coalition would reject as counterproductive any attempt by Congress to require disinvestment by American corporations.

Members of the Coalition have been critical in the past of the Reagan administration's "constructive engagement" policy. These criticisms have focused more on sincerity of purpose and weakness of implementation than on fundamental correctness of strategy. The President's latest report on South Africa is consistent with past policy in that it rejects as misguided Congressional attempts to pressure Pretoria through punitive economic sanctions. On that point, most of us in the Coalition agree. We also agree with the President that for him to follow the 1986 law's requirement of imposing new sanctions against South Africa would only further undermine American influence and continue to victimize South Africa's majority population--the blacks.

As Helen Suzman, of the opposition Progressive Federal Party in South Africa recently wrote in the New York Times "--If there were any chance that sanctions would dismantle apartheid, I would be the first to support them. But reducing South Africa to a wasteland would lead not to a nonracial democracy but to more oppression and misery. No one should be under the delusion that things are so bad in South Africa that they could not get worse. The most effective instrument for change is economic expansion."

We are convinced that disinvestment runs counter to the best interests of black South Africans and is counterproductive in bringing about change.

The President has provided a useful report on "progress" towards ending apartheid in South Africa. While there has been some progress as well as a number of setbacks, its pace is too slow and its continuation is by no means assured.

Congress must encourage the Reagan Administration to follow through on its pledge to work hard for apartheid's demise. Nelson Mandela must be freed, legitimate political parties and organizations must be unbanned, and negotiations must begin soon if another cycle of violence is to be avoided. As it considers how to craft new legislation in this area, Congress should be skeptical of the administration's assurances, but it must also examine the hard evidence that proves that certain punitive anti-apartheid strategies have not worked thus far and are not likely to work in the future.

The Coalition on Southern Africa stands ready to assist you in this period of assessment and to work together for the betterment.

Of all South Africa's people. I personally would be willing to meet with you and other Congressional leaders to discuss this vital issue. I also would welcome an opportunity to testify before the relevant committees of Congress as they examine the President's report and legislation to aid South Africa and its neighbors. Attached is a list of the Coalition's Board members. Thank you for your consideration.

Sincerely,

Bishop Richard L. Fisher

Richard L. Fisher,
Presiding Bishop, A.M.E. Zion Church llth Episcopal District
COSA President

FOR RELEASE AT: 10AM EDT	CONTACT: Clyde Williams
THURSDAY, SEPT. 10, 1987	202-872-1516

Washington, Sept. 10--Formation of the Coalition on Southern Africa (COSA) was announced today by a group of prominent black and other religious and educational leaders. The Coalition's purpose is to provide an independent base of private support for South Africa's majority population and to help foster a democratic, non-racial post-apartheid society.

Bishop Richard L. Fisher, President of the Coalition and presiding Bishop of the 11th Episcopal District, African Methodist Episcopal Zion Church, said, "The plight of the Black South African worker has been disregarded in public debate about what to do to end apartheid. While that fight to end Apartheid must continue we must not lose sight of our concern for the victims. The struggle against apartheid will continue and it will succeed but we must not be complacent about lives damaged in the process."

"The Coalition is not a replacement for the Sullivan Principles," Fisher emphasized, "but rather an 'anti-apartheid mechanism which recognizes the inevitability of change.'"

"When this Coalition was in the formative stage, we envisioned supporting Reverend Sullivan's efforts in South Africa. There can be no denial that he personally fostered tremendous improvements in the opportunities for Black South

Africans and for dramatic changes in health, housing, and education for the majority population," Fisher said.

Fisher said the members of the Coalition represent religious constituencies numbering more than seven million.

The Reverend Dr. W. Clyde Williams, former president of Miles College in Birmingham, Alabama and executive secretary of the Christian Methodist Episcopal Church, is on loan to the Coalition where he will serve as General Secretary. Williams said he envisaged COSA as a pivotal point around which groups having immediate concern for the majority population in South Africa could coalesce. He sees the Coalition as a vehicle whereby genuinely concerned Americans can direct their efforts not simply at demonstrations but also by preparing Black South Africans for the time when they will have to exercise the tasks of political and economic leadership.

Williams said that as a participant in a recent fact-finding team of black college presidents who visited South Africa under the auspices of the State Department, "we believe, as a group, that more must be done, that greater opportunities for management experience and training must be provided for Black South Africans if they are to be prepared for their responsibility in the post-apartheid era."

Williams said, "after extensive meetings and discussions with Black South Africans, we committed ourselves to seeing that we would not be just one more fact-finding group which went to South Africa and returned to the U.S. to deliver rhetoric. We committed ourselves to take action, and this Coalition is a result of that commitment."

In a recent meeting with the Coalition, Bishop Harold Senatle, presiding Bishop of the 18th Episcopal District of the African Methodist Church in South Africa and a member of the Coalition's initial Board of Directors, said, "This is the first time someone asked us, the people who suffer under apartheid, what it is WE would like institutions, such as churches, foundations, corporations or universities, to DO in South Africa. It is easy for you to say that Black South Africans would rather suffer when you are 12,000 miles away than when you are on the spot."

According to Bishop Fisher, funds for the Coalition will be raised from educational institutions, corporations, foundations and private individuals who share the Coalition's objectives.

"As part of its work," Fisher added, "the Coalition will try to influence the policies of the South African government to end apartheid and to encourage companies, churches and foundations working in South Africa to do the same."

The Coalition has been chartered as a non-profit 501 (c) 3 organization in the District of Columbia and is empowered to accept funds from virtually any source to pursue its aims.

COALITION ON SOUTHERN AFRICA

Bishop Richard L. Fisher
President, Coalition on Southern Africa
Presiding Bishop
11th Episcopal District, AME Zion Church
Saint Louis, Missouri

Dr. W. Clyde Williams
General Secretary, Coalition on Southern Africa
Executive Secretary
CME Church
Atlanta, Georgia

DIRECTORS

Bishop Cecil Bishop
Presiding Bishop
AME Zion Church
Temple Hills, Maryland

The Rev. Gilbert Caldwell
Pastor
St. Daniel's United Methodist Church
Chester, Pennsylvania

Dr. James Costen
President
Interdenominational Theological Center
Atlanta, Georgia

Dr. Paul A. Crow, Jr.
President
Council on Christian Unity
Indianapolis, Indiana

Mr. Terry Giles
Chief Executive Officer
Giles Enterprises
Santa Anna, California

Bishop F. C. James
Presiding Bishop
7th Episcopal District, AME Church
Columbia, South Carolina

Dr. Yvonne Kennedy
President
Bishop State Junior College
Mobile, Alabama

Mr. Willie Leftwich
Leftwich, Moore and Douglas
Washington, D.C.

Dr. Paul F. McCleary
Acting President
Save The Children Federation, Inc.
Westport, Connectict

Bishop Donald G. Ming
Presiding Bishop
8th Episcopal District, AME Church
New Orleans, Louisiana

Dr. Barbara K. Phillips
Assistant to the Superintendent
Winston-Salem Forsyth County Schools
Winston-Salem, North Carolina

The Rev. Dr. David W. Preus
General President
The American Lutheran Church
Minneapolis, Minnesota

Bishop Harold B. Senatle
Presiding Bishop
18th Episcopal District, AME Church
Lesotho, South Africa

Mr. Larry Shaw
President
Shaw Food Services
Fayetteville, North Carolina

Bishop Rembert E. Stokes
Presiding Bishop
10th Episcopal District, AME Church
Dallas, Texas

The Rev. Oliver F. Williams, CSC
Associate Provost
University of Notre Dame
Notre Dame, Indiana

The Coalition on Southern Africa

At the call of prominent Black churchmen, leaders across a broad spectrum of constituencies have come together to form the Coalition on Southern Africa.

The Coalition's purpose is to provide an independent base of support for private and public efforts to maximize development opportunities for South Africa's majority population, and to help foster a democratic, non-racial post-apartheid society.

The Coalition on Southern Africa joins all those who are committed to the absolute abolition of the apartheid system. It is especially concerned about current conditions and what will be required for the majority in South Africa to obtain its full rights and responsibilities.

Coalition members believe the eradication of apartheid must not be accomplished at the expense of Black South Africans. Black developmental needs must be met if South Africa's future economic and social conditions are to be viable.

The Coalition favors actions and programs which enhance Black economic opportunity, educational improvement and managerial development. Such essential programs are a necessary moral complement to actions pressuring the South African government to change its policies.

The Coalition on Southern Africa will develop positive strategies for fundamental change and socioeconomic betterment. The Coalition seeks the support of churches, private voluntary organizations, civil rights organizations, unions, and businesses for these developmental and supportive strategies.

o It will inventory and provide a clearinghouse function for programs of this nature already in existence in order that there not be a duplication of effort.

o It will examine the evaluation system of the Sullivan Program and establish its own criteria for evaluating non-industry programs.

o The Coalition will be a vigorous public advocate for programs aimed at educating and developing post-apartheid leaders.

o It will develop joint-ventures and co-ventures between small and minority-owned businesses in the U.S. and Black-owned businesses in South Africa.

o The Coalition will provide a constant and credible communications link with churches, ecumenical agencies, foundations, private voluntary organizations, ethical institutions and the business community around South Africa-related issues and initiatives.

The Coalition's leadership has previously demonstrated an ability to promote political and social justice at home and abroad. These persons are recognized and elected leaders of churches, educational institutions, civil rights organizations, voluntary organizations and businesses. Many have lived and worked for years in Southern Africa and are intimately familiar with that region's needs and problems.

September 10, 1987

PREPARED STATEMENT OF SENATOR BIDEN

ONE YEAR AGO THIS MONTH, THE UNITED STATES CONGRESS ENACTED HISTORIC LEGISLATION TO IMPOSE SELECTED SANCTIONS ON SOUTH AFRICA. IT DID SO OVER A PRESIDENTIAL VETO, AND WITH BROAD BIPARTISAN SUPPORT.

ONE YEAR LATER, THE ADMINISTRATION'S ATTITUDE TOWARD THIS LEGISLATION IS ANOTHER CASE IN THE PATTERN OF PRESIDENTIAL DISREGARD FOR THE ROLE OF CONGRESS IN THE FOREIGN POLICY ARENA. WHETHER IN THE PERSIAN GULF, CENTRAL AMERICA, OR SOUTH AFRICA, THE ADMINISTRATION HAS CONSISTENTLY ATTEMPTED TO CIRCUMVENT, AVOID, IGNORE OR UNDERMINE THE WILL OF THE UNITED STATES CONGRESS.

ONE MAJOR PURPOSE OF THIS HEARING TODAY MUST THEREFORE BE TO EXPLORE THE EXTENT TO WHICH THE ADMINISTRATION HAS COMPLIED WITH THE TERMS OF THE COMPREHENSIVE ANTI-APARTHEID ACT OF 1986.

IN HIS REPORT TO CONGRESS OF OCTOBER 1, 1987 -- A REPORT MANADATED BY THE ANTI-APARTHEID ACT -- THE PRESIDENT MADE CLEAR HIS CONTINUING OPPOSITION TO SANCTIONS AND INDEED TO ANY POLICY TOWARD PRETORIA WITH ANY TEETH IN IT. THE FACT IS THAT DESPITE THE OVERWHELMING SUPPORT IN CONGRESS FOR THE POLICY EMBODIED IN THE LEGISLATION ENACTED LAST YEAR, THIS ADMINISTRATION HAS BEEN DRAGGING ITS HEELS. WITH THAT KIND OF ATTITUDE, THE SOUTH

AFRICAN GOVERNMENT MUST ASSUME THAT IT DOES NOT HAVE TO TAKE AMERICAN OPPOSITION TO APARTHEID SERIOUSLY.

THERE ARE SEVERAL ASPECTS OF THE PRESIDENT'S REPORT THAT ARE UNACCEPTABLE FROM MY PERSPECTIVE BECAUSE THEY DEMONSTRATE HIS ONGOING UNWILLINGNESS TO WORK CLOSELY WITH US TO PRESENT A UNITED FRONT AGAINST APARTHEID.

FIRST, SECTION 501 (C) OF THE ANTI-APARTHEID ACT SPECIFIES THAT THE PRESIDENT "SHALL" RECOMMEND ADDITIONAL MEASURES AGAINST SOUTH AFRICA IF NO SIGNFICANT PROGRESS TOWARD ENDING APARTHEID HAS BEEN MADE AFTER ONE YEAR. BUT IN HIS REPORT, THE PRESIDENT DECLINES TO RECOMMEND ANY OF THE ADDITIONAL SANCTIONS SPECIFIED IN THE LAW. HE CLAIMS, "THE IMPOSITION OF ADDITIONAL ECONOMIC SANCTIONS AT THIS TIME WOULD NOT BE HELPFUL IN THE ACHIEVEMENT OF THE OBJECTIVES WHICH CONGRESS, THE AMERICAN PEOPLE, AND I SHARE." THE HARD FACT IS THAT THIS REPORT DEMONSTRATES THAT THE PRESIDENT AND THE CONGRESS DO NOT SHARE THE SAME OBJECTIVES WHEN IT COMES TO SOUTH AFRICA.

LET ME ADD ONE OTHER POINT HERE. SOME OF THE ADMINISTRATION'S SUPPORTERS ARE CLAIMING THAT LAST YEAR'S LEGISLATIVE HISTORY SUPPORTS THEIR VIEW THAT THE SENATE DID NOT INTEND FOR FURTHER SANCTIONS TO BE MANDATORY, AND THAT IT IS THEREFORE UP TO THE PRESIDENT TO DETERMINE WHETHER OR NOT TO IMPOSE ADDITIONAL SANCTIONS. THAT IS A MISREADING OF THE RECORD. WHEN MY AMENDMENT WAS TABLED LAST YEAR, IT WAS TABLED BECAUSE THE MAJORITY FELT THAT WE SHOULD NOT SPECIFY WHAT SPECIFIC SANCTIONS SHOULD BE IMPOSED AFTER ONE YEAR'S TIME. INSTEAD, IT WAS AGREED THAT THE LEGISLATION SHOULD PERMIT THE PRESIDENT TO CHOOSE AMONG FOUR ADDITIONAL MEASURES. HE DID NOT HAVE THE OPTION , HOWEVER, TO REFUSE TO IMPOSE ANY SANCTIONS ONCE HE HAD DETERMINED, AS HE ASSERTS IN HIS REPORT, THAT SIGNIFICANT PROGRESS TOWARD ENDING APARTHEID HAD NOT BEEN MADE. IN RETROSPECT, MY PREDICTION AT THE TIME WAS CORRECT: THE PRESIDENT WAS SO CLEAR IN HIS OPPOSITION TO SANCTIONS THAT IF WE LEFT HIM ANY MARGIN OF MANEUVER HE WOULD FIND A WAY

AROUND THE IMPOSITION OF FURTHER MEASURES EVEN IF THEY WERE WARRANTED.

SECOND, SECTION 401 (A) OF THE ANTI-APARTHEID ACT SPECIFIES THAT THE UNITED STATES MUST "SEEK INTERNATIONAL COOPERATIVE AGREEMENTS WITH OTHER INDUSTRIALIZED DEMOCRACIES TO BRING ABOUT THE COMPLETE DISMANTLING OF APARTHEID". EVEN THE SECRETARY OF STATE'S OWN ADVISORY COMMITTEE ON SOUTH AFRICA URGED A CONCERTED EFFORT TO MOBILIZE INTERNATIONAL SUPPORT AND TO COORDINATE SANCTIONS POLICY WITH OUR ALLIES TO ACHIEVE THE MAXIMUM POSSIBLE EFFECT. BUT THE ADMINISTRATION HAS FAILED TO MAKE ANY GENUINE EFFORT IN THIS REGARD, AND INDEED ON FEBRUARY 20, 1987 VOTED AGAINST A UNITED NATIONS SECURITY COUNCIL SANCTIONS RESOLUTION MODELED ON THE ANTI-APARTHEID ACT.

IN SUM, I DO NOT BELIEVE THAT THE ADMINISTRATION HAS ACTED IN GOOD FAITH IN THE IMPLEMENTATION OF THE LEGISLATION WE ENACTED LAST YEAR. IT HAS NOT, AS THE PRESIDENT CLAIMS IN HIS REPORT, "BEEN IMPLEMENTED FULLY AND FAITHFULLY".

FOR THAT REASON, I INTEND TO SCRUTINIZE THE ADMINISTRATION RESPONSE WITH GREAT CARE AND TO CONSIDER WHAT FURTHER ACTION NEEDS TO BE TAKEN IN CONGRESS TO ENSURE THAT THE MESSAGE FROM THE UNITED STATES TO SOUTH AFRICANS BOTH BLACK AND WHITE IS LOUD AND CLEAR: WE WILL DO EVERYTHING IN OUR POWER TO BRING ABOUT A PEACEFUL END TO APARTHEID.

[The Washington Post, Oct. 22, 1987]

JAPAN OUTSTRIPS UNITED STATES AS S. AFRICAN TRADE PARTNER

(By Stuart Auerbach)

Japan has replaced the United States as South Africa's leading trading partner, moving into the gap left by American companies that have pulled out since sanctions were imposed a year ago.

Japan's new position as the number one country doing business with South Africa has embarrassed Japan's corporations and government, which are concerned it may create a backlash in the United States. It also has sparked a study by the U.S. government to determine whether Japan is taking "commercial advantage" of American sanctions.

In one manifestation of Japan's concern, its diplomats here have been attempting to find out if a report on the first year of sanctions, to be presented to the Senate Foreign Relations Committee today by Assistant Secretary of State Chester Crocker, refers to Japan's increased trade with South Africa. Diplomatic sources said the report does not mention Japan.

The sanctions law, which bans new investment in South Africa, requires the government to see if other countries are rushing to fill the void and to apply trade sanctions if they are. The State Department asked the Office of the U.S. Trade Representative to conduct the study.

"Japan is not being picked on," said a U.S. expert on South Africa. But given the extent of its trade with South Africa, he added, "you can hardly ignore Japan."

Japanese diplomats here were reluctant to release figures on trade with South Africa, saying they are unofficial and suggesting that an increase in dollar terms may be due to currency fluctuations.

Nonetheless, they acknowledged that Japan has moved ahead of the United States as South Africa's leading trading partner, largely as a result of sharp cutbacks in commercial ties between America and that racially segregated nation. In addition to the sanctions, a number of major U.S. companies—including General Motors, IBM and Kodak—have stopped doing business in South Africa.

Estimates based on trade figures for the first six months of 1987 place Japan's two-way trade with South Africa at about $3.1 billion this year, and the United States' at about $2.5 billion. Both countries' trade with South Africa is down from last year, when the United States did $3.63 billion worth of business with that country and Japan had slightly less commerce, $3.6 billion.

While the State Department is not singling out Japan for its South African trade, groups that want to isolate South Africa are threatening some form of action, including a possible boycott of Japanese products by U.S. blacks.

The Rev. Leon Sullivan specifically listed Japan as a possible target of an American consumer boycott when he announced last June that he was abandoning his support of a code of conduct for U.S. companies doing business in South Africa—the Sullivan Principles—in favor of complete economic isolation. At that time he urged Congress to impose "stringent penalties" on U.S. trading partners such as Japan that move into South Africa to pick up business.

"They are selling their goods and picking up the market," Sullivan said in a recent interview about Japanese business in South Africa. "They are doing big business with South Africa, and it's growing."

He criticized the Japanese government, which he said has never agreed to meet with him on the issue as European governments have, saying that Japan likes to act as if it is not in South Africa while continuing to do business there.

"They don't realize how vulnerable they are. The lanes are wide open to a significant boycott, particularly among blacks," who are major consumers of Japanese products, Sullivan said.

Japanese diplomats here say their companies are well aware of the possibility of a black consumer boycott, and are holding back their sales efforts in South Africa. "Companies don't want to tarnish their image in the United States by being named as a company trying to expand market share in South Africa. They have bigger business in the United States," said one such diplomat.

Japan maintains no diplomatic relations with the South African government, but does have a consulate there. The Japanese consul general in Johannesburg, Katsumi Sezaki, recently resigned as a member of the Nippon Club in that city because it was promoting Japanese trade.

"As a representative of the Japanese government," he was quoted as saying at the time, "I could not be associated with any organization that promotes trade with South Africa."

Japan has followed the lead of some European nations and the United States in imposing sanctions against South Africa, including banning direct investment. Government officials met with major Japanese industrial groups urging them to be prudent in business dealings with South Africa.

Japan has refused, however, to place an embargo on its purchases of South African coal, which as an energy-poor nation it considers vital to its economy. Last year, Japan bought 20 percent of South Africa's coal exports, worth $1.57 billion.

According to the Far East Economic Review, South Africa began selling corn to Japan last year after a three-year absence from the market. Although South Africa's corn sales remained small, they came at the expense of U.S. and Chinese exports.

Japanese companies have made major inroads in areas such as cars, computers, chemicals and electronics that were once dominated by American producers. Auto sales were up 62 percent last year, while auto parts sales more than doubled. The cars and parts are all sold through Japanese-owned companies.

THE COMPREHENSIVE ANTI-APARTHEID ACT OF 1986: IMPLEMENTING REGULATIONS AND RELATED MATERIALS--JUNE 1, 1987

[This U.S. Department of State Publication is on file with the Committee on Foreign Relations.]

RESPONSES BY CHESTER CROCKER TO QUESTIONS ASKED BY SENATOR HELMS

1. Q: Did you or members of your staff cause to be cancelled a Radio Marti trip to Angola?

A: I assume this question refers to the statement, in the letter from Jorge Mas dated June 4, 1987 attached your questions, that "Chester Crocker blocked a trip to Angola on March 4, 1987 by Radio Marti's news director hours before he was scheduled to leave." In that specific instance, State was, as noted in previous correspondence on this subject, consulted through routine procedures, about the travel of a Radio Marti correspondent. At the time, for very good foreign policy reasons, I expressed reservations, through normal inter-agency channels, about the timing of such a trip.

But I believe that to characterize my expression of concern as having "caused to be cancelled a Radio Marti trip to Angola" is inaccurate. I have neither the desire nor the authority to "cancel" trips by personnel of Radio Marti.

2. Q: Did you or members of your staff cause to be cancelled a Radio Marti trip to Mozambique?

A: In the case of Radio Marti's proposed travel to Mozambique in May, the Department was not consulted before the travel commenced. When the travel came to our attention, through a query from one of our Embassies, my staff telephoned the Voice of America to ask about the trip. Again, in this instance, the Department, at the staff level, asked questions about unannounced travel of a U.S. Government employee to a war-torn country. I understand the trip was ultimately cancelled by the Voice of America or USIA. But, again, I do not believe our expression of concern, which the Voice of America and Radio Marti were free to ignore, in any way compelled Radio Marti to cancel the trip to Mozambique.

3. Q: Please provide a chronology of all contacts by you or staff of the Africa Bureau with officials of Radio Marti concerning trips to these countries in 1987.

A. I regret that I am unable to comply fully with this request because neither my staff nor I keep detailed logs of informal contacts either in person or by phone.

My first personal contact with anyone at Radio Marti in 1987 came in a meeting held in my State Department office with Radio Marti's Director Ernesto Betancourt and VOA Deputy Director Robert Barry on June 26, 1987. Since that date, I have spoken several times to Mr. Betancourt by phone.

I have surveyed the members of my staff involved in this question and should note that some who have been transferred to overseas posts are unavailable to provide input. Members of my staff still working in the African bureau have informed me that they spoke only to VOA personnel concerning the two trips to Angola and Mozambique referred to in questions 1 and 2 above, never to any Radio Marti personnel.

In early November, 1987, my staff had discussions with a

Radio Marti reporter about facilitating the travel of a Radio Marti correspondent to Angola. To the best of my knowledge, that travel was accomplished.

4. Q: Are you aware that Public Law 94-350 requires independence in the news coverage produced by Radio Marti?

A. The basic principles governing broadcasts by Radio Marti are specified in the Radio Broadcasting to Cuba Act (October 4, 1983, Public Law 98-111, as amended). That Act also states that such radio broadcasting shall be part of the Voice of America radio broadcasting to Cuba, and shall be in accordance with all Voice of America standards in order to ensure programs which are objective, accurate, and balanced. The law you are referring to (the Foreign Relations Authorization Act of 1977) amended Title V of the United States Information and Educational Exchange Act of 1948 by adding a list of principles to govern Voice of America broadcasts. They include serving as a consistently reliable and authoritative source of news, presenting a balanced and comprehensive projection of significant American thought, and instituting and presenting U.S. policies clearly and efficiently. We fully support all of the principles, including the need for impartiality in the news coverage produced by Radio Marti.

5. Q: Are you aware that your actions (and those of the Africa Bureau) may be a violation of Public Law 94-350?

A: I do not believe my actions, as described in my answers to questions 1 and 2 above, and as taken in the course of a routine, established inter-agency consultative process, constitute any violation of Public Law 94-350.

6. Q: Are you aware that Radio Marti regards the Africa Bureau's actions as a violation of Public Law 94-350? Are you familiar with the attached letter on these charges from Radio Marti? How do you respond to these charges?

A: I do not believe that Radio Marti regards my actions as a violation of Public Law 94-350. I consider relations between the African Bureau and Radio Marti to be excellent. The Bureau has cooperated extensively with Radio Marti officials through exchanges of information and offering of interviews.

I am familiar with the attached letter from Jorge Mas, and believe the charges contained in it were the result of misunderstandings which have since been resolved. In response to charges of this nature, my response, as I have previously informed the committee, is that prior consultation about travel of correspondents, under a long-established procedure, is in the interest of Radio Marti, USIA and the State Department.

I would like to state clearly for the record that I did not interfere with the journalistic mandate of Radio Marti, and that I applaud and support the work of both the VOA and Radio Marti. An inquiry to Radio Marti's news service will reflect the fact that I participate regularly in interviews with Radio Marti on the situation of Cuban troops in Angola.

7. Q: Will you assure the Committee that neither you nor members of the Africa Bureau will attempt to interfere with Radio Marti's coverage of events in Angola or Mozambique in the future?

A: Since, as noted above, I do not view any of my previous actions as interference in Radio Marti's coverage of events in Southern Africe, I have no hesitation in assuring the Committee I will not do so in the future.

When I, or members of my staff, are consulted about proposed travel of correspondents, via the routine interagency consultative process, we will continue to make known any concerns about foreign policy or personal safety. If, in any future cases, I have reason to believe that either foreign policy goals or a reporter's personal safety are in jeopardy, I will state my concerns. This is fully consistent with U.S. law, including Section 2 of Public Law 98-111. Providing such advice is part of my job, and that is why executive agencies consult each other about such questions.

17. Is it true that State Department officials have met with representatives of the African National Congress on over 59 separate occasions? Please provide a chronology of all State Department contacts with the ANC as well as a chronology of similar meetings with RENAMO.

a. Neither the State Department nor our embassies keep chronologies of meetings with members of the African National Congress. It is not usual procedure to log all contacts with governmental or non-governmental groups from South Africa or elsewhere.

For several years, the State Department has maintained regular contact with the ANC as part of our policy of meeting with all key groups in South Africa. In the past year, we have raised the level and frequency of our contacts with the South African government's opposition, including -- among others -- the ANC. We have used our meetings with the ANC to underline U.S. goals and U.S. concerns about certain ANC positions and methods including its advocacy of violent means.

With regard to RENAMO, we, along with all other countries and international organizations, deal with the internationally recognized government of Mozambique. The United States Government has no official dealings with RENAMO as an organization. However, we have been willing to meet with and accept information from RENAMO to solve a specific humanitarian problem, such as the eventual release of an American citizen kidnapped by RENAMO in May, 1987.

S. RES. 300

100th CONGRESS
1st Session

S. RES. 300

Expressing support for groups working for freedom and against Communism in South West Africa (NAMIBIA).

IN THE SENATE OF THE UNITED STATES

October 22 (legislative day, October 16), 1987

Mr. Helms submitted the following resolution; which was referred to the Committee on Foreign Relations

RESOLUTION

Expressing support for groups working for freedom and against Communism in South West Africa (NAMIBIA).

Whereas the President has expressed United States foreign policy as opposing Soviet-backed terrorist campaigns to subvert or seize control of non-Soviet countries and territories in various parts of the world, including Central America, South East Asia, the Middle East, Afghanistan, and South West Africa (Namibia);

Whereas approximately 40,000 Cuban combat soldiers and several thousand Soviet and East German advisers currently occupy Angola and lend support to the Soviet-backed terrorist campaign of the South West Africa Peoples Organization (hereafter in this resolution referred to as "SWAPO"), which, operating from bases in southern Angola, is attempting to seize control of Namibia before that territory can achieve internationally acceptable independence;

Whereas the United Nations General Assembly continues to designate SWAPO as the "sole and authentic" representative of the people of Namibia, accords SWAPO permanent observer status at the United Nations, and finances SWAPO propaganda offices and meetings throughout the world, but refuses to recognize the various Namibian parties who make up Namibia's Multi-Party Conference;

Whereas on June 17, 1985, as a result of the peaceful negotiations with Namibia's duly chosen political leaders, the Republic of South Africa voluntarily effected a complete transfer to leaders of the Namibia Multi-Party Conference of all administrative powers of local self-government that were previously exercised by the South African Administrator-General for Namibia;

Whereas Namibia's chosen Multi-Party Conference political leaders, acting on behalf of the people of Namibia, immediately established an interim Namibia Transitional Government of National Unity and invited all political parties, including SWAPO, to participate in exercising the powers of local self-government enjoyed for the first time since 1884 by the people of Namibia;

Whereas Namibia's Transitional Government of National Unity has enacted laws abolishing apartheid in Namibia and imposing criminal penalties for racial discrimination, released all political prisoners, and established a democratic form of government;

Whereas SWAPO, under Soviet direction, has refused to cooperate or participate in any democratic or peaceful process leading to Namibian independence;

Whereas historic United States foreign policy encourages and supports indigenous political groups and similar organizations which seek to establish non-Soviet controlled and democratic governments in developing countries; and

Whereas Namibia's Transitional Government of National Unity and the various political parties comprising Namibia's Multi-Party Conference represent the most broad-based political organization capable of achieving peaceful independence for South West Africa (Namibia) and should be supported by the United States: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the President should continue to pursue serious multilateral initiatives aimed at achieving the removal of all Cuban combat troops now occupying Angola and the closure of all SWAPO bases in southern Angola, and should withhold payment of the United States proportionate share of the annual United Nationals General Assembly budget until that organization and its affiliated agencies terminate their designation of SWAPO as the "sole and authentic" representative of the Namibian people and adopt a policy of impartiality in treatment of all Namibian political parties, including the Democratic Turnhalle Alliance, the Labour Party, the National Party, the Rehoboth Liberated Democratic Party, the South West Africa National Union, and SWAPO-Democrats; and

(2) the Department of State should immediately establish contact with the leaders of all political parties who make up the Namibia Multi-Party Conference and the interim Namibia Transitional Government of National Unity; and

(3) the President should immediately make a determination under section 311 of Public Law 99–440 to terminate economic sanctions currently applicable to Namibia; and

(4) the United States should support Namibia's interim Transitional Government of National Unity, pending internationally acceptable independence of that territory, by—

(A) establishing an interests section in Windhoek, Namibia;

(B) dispatching a delegation of officials to Windhoek for bilateral discussions with all of Namibia's duly chosen political party leaders;

(C) including Namibia among sub-Saharan African nations receiving economic, humanitarian, and military aid from the United States and from international organizations which the United States supports;

(D) establishing Peace Corps representation in Namibia;

(E) encouraging United States private investment in nongovernmental enterprises in Namibia;

(F) supporting Namibia's control of its fishing industry by demanding that other nations comply with generally recognized international rules and existing agreements;

(G) establishing a student exchange program between United States colleges and Namibia educational institutions;

(H) inviting all Namibian political parties, including Namibia's Multi-Party Conference and SWAPO, to meet in an all-parties conference to develop a consensus on the time and method for achieving independence of Namibia free from foreign control; and

(I) allocating funds provided in title II of Public Law 99-440 (measures to assist victims of apartheid) to appropriate nongovernmental organizations in Namibia.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President and to the Secretary of State.

RESPONSES BY CHESTER CROCKER TO QUESTIONS ASKED BY SENATOR PRESSLER

Question: How much money does the ANC receive from the U.N. and its associated agencies?

Answer: Unlike the PLO and SWAPO, the ANC does not have full observer status in the U.N. Therefore, the ANC has not been a significant recipient of U.N. funding.

The U.N. does, however, provide regular budget funding of the ANC office in New York and the payment of travel expenses of ANC representatives attending specified U.N. conferences and meetings. A detailed breakdown of U.N. financial support to the ANC for these purposes is not available. However the 41st UNGA voted an appropriation of $140,900 for 1987 for the ANC's New York office. U.N. agencies provide funding for numerous development, training and refugee-related projects in the Southern Africa region. In some projects, administering refugee camps for example, the ANC and other South African opposition movements work in partnership with U.N. agencies and receive assistance earmarked for specific purposes.

Question: What is the monetary value of military support received by the ANC from the USSR and its Soviet bloc allies?

Answer: The total value of military support from the USSR and Soviet Bloc countries to the ANC is not known. The ANC has openly admitted that it receives such assistance, including training, but has declined to provide details. The level of Soviet-bloc military assistance is in part limited by the ANC's inability to absorb or deploy large quantities of weaponry.

Question: How much support does the ANC receive from non-communist countries?

Answer: Various non-communist nations provide financial assistance to the ANC. Chief among these are the Nordic nations, particularly Sweden, which have provided direct funding for non-military ANC projects. Funding for the ANC, including its military wing, also comes from the Organization of African Unity's liberation committee. No breakdown of donor-nation spending on the ANC is available. (For example, the Swedish government lists aid expenditures for FY 1987 to the Southern African region at $331 million, a figure which would include aid to the ANC.) The OAU treats as confidential figures on its donations to the ANC and other South African "liberation" groups.

Question: What is our best information on the detention of children by the ANC?

Answer: A white member of the South African parliament recently charged that the ANC forcibly exfiltrates and detains in neighboring countries black South African children. He provided no evidence to support this claim. Nor does the State Department have evidence which would independently confirm this charge.

Fragmentary and unconfirmed reports indicate that the ANC has occasionally detained persons suspected of being South African agents. We have no information to suggest that this practice includes the detention or mistreatment of minors.

THE DEMOCRATIC FUTURE OF SOUTH AFRICA

I want to talk to you tonight about South Africa, about present realities and future possibilities. Our policy toward South Africa must be grounded in reality, but it must also contain a vision of the future. Without a sense of reality, we will be ineffectual. Without vision, we will be directionless. The reality is generally grim, but it contains some hopeful elements. The vision seeks to build on those elements of hope to assist South Africans to create a nation that realizes the full potential of all its people.

The Current Realities

It is not easy to find elements of hope in present-day South Africa. It is much easier to see the evidence of the crisis South Africa is in:

-- the increased repression of blacks;

-- the escalation of violence from all sides;

-- the economic despair of millions of blacks who cannot get a decent education and decent jobs;

-- increased press censorship;

-- the fear of innocent people, white and black, that they will become victims of indiscriminate terrorist attacks such as car bombings; and

-- the lack of negotiations between the South African Government and its opponents.

I share the anger that all Americans feel when children are thrown into detention without charge and physically abused. And, because of my job, I particularly feel the frustration of having only limited influence, of not being able to make things right down there. That, too, is a reality.

It is not within the power of the United States or any other country to impose a solution to South Africa's problems. The solution must come from South Africans themselves. Ultimately it will only come when they sit down together and work it out in the give and take of negotiations. We want to help and, in fact, we will help. But the burden and, finally, the glory or the tragedy of the outcome are theirs.

The United States will not walk away as South Africans struggle to decide their destiny. We care deeply about what happens to them. And we are united in our opposition to apartheid. It must be eliminated, and it will be eliminated. On that, all Americans -- Republican or Democrat, liberal or conservative -- agree. Our own history of racial injustice gives us special reason to hate apartheid. We know that it can produce a national tragedy and that every day it produces countless personal tragedies.

Apartheid and Regional Instability

But the issue is not only one of moral repugnance, though that would be enough to confirm our unalterable opposition to apartheid. The fact is that apartheid is a primary cause of instability throughout southern Africa. It is a bleeding wound within South Africa itself. It is a dead weight on an economic machine that might otherwise be stimulating development throughout the region. Attacks on apartheid, and defense of it, account for almost all of the cross-border violence in the region. While apartheid exists, cross-border violence will continue, economies will be dislocated, and outside intervention will be encouraged. That is another reality.

The current climate of instability and violence does not serve our interests, and it does not benefit the countries in the region. An end to apartheid and a strengthened regional focus on economic development would bring greater opportunities for us to play a creative and constructive role. It is in our interest to be involved there. Southern Africa is rich in natural resources and strategically located. Our objectives are:

-- to assist the countries in the region to improve the lives of their people;

-- to end intervention by outside military forces; and

-- to reduce the opportunity and temptation for such intervention to recur.

So, in opposing apartheid, there is no conflict between our ideals and our interests. They converge around the same point -- a rapid end to apartheid, achieved by negotiations among all South Africans. We intend to play an active role in pursuit of that goal -- but active in support of those South Africans who are working to bring about through peaceful means a just and democratic society. I sense, unfortunately, that the grim realities of South Africa today have produced a debilitating pessimism, both within South Africa and in the international community, about the possibility of a peaceful and just solution to the country's problems. Some despair of avoiding armageddon; others seem almost to welcome it.

Elements of Hope

We Americans are an optimistic people, a people who believe that with hard work, dedication, and energy no problems are insurmountable. When, as an American, I look at the trauma in South Africa, I emphatically reject the fatalistic notion that the country's future has already been written, that it is too late for accomodation. I know that there is hope for the future. For the past several years, I have given South Africa the highest priority. I have talked in depth with many who have visited South Africa and have met with many South African leaders, both white and black. I have spent considerable time listening to South Africans from every part of that country's political spectrum, as have others in our government. In the past year, I met with leading South Africans such as Chief Buthelezi, Oliver Tambo, Allan Boesak, Colin Eglin, and Enos Mabuza. I also asked Frank Cary and Bill Coleman to chair a special Advisory Committee on South Africa. I studied their report seriously and benefitted from their counsel. And we stay in constant touch with the South African Government in a variety of ways, including through Ambassador Perkins in Pretoria and the South African ambassador in Washington.

Good Will, But a Lack of Communication

From everything I have learned about South Africa two themes have come to the forefront of my attention. First, despite everything, there is a sense of common identity and a reservoir of good will among South Africans -- black, white, colored, and Asian -- good will for their fellow countrymen. Second, there is a tremendous need for communication across racial lines in South Africa.

Apartheid has succeeded all too well in its design of keeping the races apart. South Africans of different races may talk *about* one another all the time, but they all too rarely talk *to* one another. The result is exactly what one would predict -- mutual misunderstanding and fear. Fear by whites that their way of life will be destroyed. And fear by blacks that their just aspirations will never be realized through peaceful means. These fears are paralyzing. They become self-fulfilling because all parties convince themselves that it is impossible to engage in a true give-and-take with the others.

Yes, there is growing anger and bitterness. There is a burning desire to right past and present injustices. And there is a debilitating fear of unleashing pent-up grievances and violent retribution. But that reservoir of good will of which I spoke provides something on which to build.

Of the many tragedies that afflict South Africa today, surely one of the greatest is that the good will that exists has so little opportunity to be expressed across racial lines. For, when South Africans do sit down and talk to one another, they find that the barriers that separate them are not as high as they had feared. They find that the ties that bind them are stronger than they had realized. The more they are able to reach across the racial barriers and talk, the more they see how much they have in common, how much they have to gain by working together, and how much they have to lose if they do not. There is great potential here, reason to hope that South Africa's problems are not insurmountable, that differences can be overcome. The headlines often go to the negative realities of South Africa, not to the hopeful elements. But there are efforts to expand communications between the races, and there is evidence that those efforts can bear fruit.

The Natal Indaba

In Natal, leaders from all the racial groups sat down last year and negotiated a set of new constitutional proposals for their province -- the Indaba proposals. These proposals, if implemented, would essentially end apartheid for the one-fifth of South Africans who live in that one province. Some in the South African Government and its opposition have been less than enthusiastic about the idea, which came from the people of Natal themselves, rather than from Pretoria or outside the country. But the voices for change coming from Natal are too strong for anyone to ignore. Currently the Indaba leaders are planning a referendum among all the citizens of Natal, of all races. This would be the first time blacks have ever voted on a major substantive political issue in South Africa. The jury is still out on this dramatic development, but the fact remains that there are powerful forces working to resolve South

Africa's political problems through negotiations. Those forces may encounter setbacks and roadblocks but they will not simply roll over in defeat. If not successful this time, they will rise again for another struggle.

The ANC/Afrikaner Meeting in Dakar

In Dakar, Senegal, this summer, leading members of the Afrikaner community met with leaders of the African National Congress -- an encounter that would have been unthinkable even a couple of years ago. For several days they discussed the fundamental issues of South Africa's future. This was not a negotiation aimed at producing agreements; I'd call it talk about the future. By all accounts, many participants found that they had clear differences. But they also found that they had more in common than they had ever dared imagine. Such communication, in multiple channels and including all relevant viewpoints, is precisely what should be encouraged and expanded upon. It breaks down stereotypes -- racial as well as ideological -- and it has the potential to identify the shape of a road forward. We applaud the vision and courage of all who participated in those talks, as well as those far-sighted Africans who helped to put it together, especially President Diouf of Senegal.

Black Empowerment

These efforts at cross-racial talks and negotiations are not the only elements of hope in South Africa. Black leadership, black economic strength, and black organizational skill, aided by powerful political and economic forces, are growing daily. Movements such as the United Democratic Front, Inkatha, and AZAPO are evidence of these changes. Despite the repression of the state of emergency, blacks continue to express their grievances and flex their political and economic muscles. Labor unions, which were not legal for blacks until 1979, are gaining daily in strength and sophistication. The architects of apartheid had to concede long ago that they could not build a modern economic powerhouse -- or even sustain significant growth -- without the participation of ever-increasing numbers of skilled and educated blacks.

In the field of labor-management relations, blacks and whites are learning the politics of negotiation, going beyond the politics of white minority domination and black protest. Blacks are learning that they can sit down as equals with whites and negotiate a fairer share of wealth and power. Whites are learning that it is possible to sit down with blacks and hammer out an agreement that is mutually satisfactory. Each side is gaining respect for the process of negotiation. Each side is learning how much damage can happen if negotiations fail.

These are not easy lessons. I've been involved in many labor-management disputes myself. It can be a humbling experience, until both sides learn that either they both win or they both lose. Before that lesson is learned, they often push themselves into open confrontation, substituting threats and non-negotiable demands for real dialogue. Negotiating lessons are being learned on a daily basis in South African labor-management relations. Their effects are carrying over into South Africa's politics as well as its economics.

The Role of Business

A strong and growing South African economy is a powerful force for change. South Africa's white businessmen have been in the forefront in the white community in arguing that apartheid is an unworkable ideology incompatible with a modern economy. Blacks are moving into managerial positions in major industries. American corporations, often maligned for even being in South Africa, can be proud of being in the forefront of the forces for change. Blacks are seeking to start their own businesses in record numbers, a sign of confidence in their country's future even as their own activities contribute to its transformation. The future of South Africa's economy depends on the success of black labor and management. Without them, the growth that is needed to overcome the country's social and economic injustices will not be possible. But with the full and free participation of skilled and educated black workers and businessmen, the future of South Africa's economy can be bright indeed.

Religion and Change

Finally, let us not forget the message of hope carried by the powerful force of religion in South Africa. South Africans are devoutly religious people, whether they be whites, blacks, coloreds, or Asians -- Christians, Jews, Muslims, or Hindus. In the integrated churches, blacks are moving into ever-greater numbers of leadership positions. These churches represent institutional channels for dialogue and reconciliation across racial barriers. Religious leaders are playing important roles in resolving community disputes, and they are fostering self-help projects among those disadvantaged by apartheid.

One of the pillars of apartheid had always been the moral support of the Dutch Reformed Church, the largest church among Afrikaners. It claimed, until last year, that apartheid was not only allowed but actually required by the teachings of the Bible. After many months of internal debate, it announced last year that its previous teachings were wrong; it said that apartheid is not justified by the Bible and is not in accordance with Christian principles. This simple but powerful truth hit like a thunderbolt among the Afrikaners. Suddenly the spurious moral basis for apartheid had been stripped away, revealing it for the unjust and unsanctified system that it is.

So, there are elements of hope amid the grim realities of present-day South Africa. Some negotiations are going on; a willingness to compromise still exists. There are institutions with which to work. There are individuals with whom to work. Change in South Africa is not on some distant agenda for the future. It is taking place right now. And we intend to be involved, working with those institutions, with those individuals, with those forces for change -- part of the solution, not part of the problem.

What We Are Doing

What are we doing to help in South Africa? First, we are meeting with South Africans from across the political spectrum, both in South Africa and abroad. We are talking and listening, and we are forcefully stating our point of view about the steps that need to be taken to bring a peaceful end to apartheid. We are suggesting practical steps that should be taken, such as the release of all political prisoners, including Nelson Mandela, and the unbanning of all political parties. Serious negotiations can only be conducted by credible leaders. It is not up to white South Africans to decide which black South Africans should sit at the negotiating table. That is for black South Africans to decide.

We count heavily on our mission in South Africa to keep open our lines of communication to all elements in South Africa and to encourage them to engage in dialogue. Ambassador Perkins has been in South Africa for the better part of a year now. He has made a concerted personal effort to meet with as many South Africans as possible, inside and outside the government, to listen and to convey our message. He has ensured that the entire U.S. mission in South Africa is also reaching out to as many South Africans as possible to do the same thing. We also continue to meet with exiled South Africans, such as leaders of the ANC and the PAC.

Our activities are not limited to words and meetings, however. We are promoting positive change through our program of aid to black South Africans. Our aid is not funneled through the South African Government but rather to private groups that are working to attain racial equality. Among the many programs, we are assisting a college in a black township outside Pretoria to help underqualified black teachers upgrade their skills. The lack of equal opportunities for quality education is one of the crucial tools the achitects of apartheid used to keep blacks disadvantaged. Recognizing this, we have targeted improved education opportunities for blacks as one of the keystones of our aid program. We provide scholarships for hundreds of blacks to study both in the U.S. and in South Africa. And we support curriculum development programs to help black students gain entrance to universities.

Other areas of South African society are also targets of our aid. The development of democracy requires local communities to organize to help themselves. We are funding several such projects that have been developed in cooperation with local communities. We are also helping to train blacks to start small businesses and strengthen skills in labor unions. And, in another crucial area, we are assisting legal resources centers that are helping blacks to fight back legally against the injustices of apartheid. All of these programs are designed to help blacks develop the leadership skills in all fields -- labor, business, education, community organization, and so on -- so that they will be able to take their rightful place as leaders in a democratic post-apartheid South Africa.

Private American individuals and organizations are also playing an important and positive role in promoting change in South Africa. Ideas and role models from the Western democracies are powerful forces for change in South Africa. South Africans are being stimulated and challenged to question their assumptions and search for creative solutions through constant interaction with American churches, foundations, universities, and corporations. Americans want South Africans to understand that we support the aspirations of blacks for equality but also understand the fears and concerns of white South Africans. we are working to help all South Africans, black and white, secure a bright future for themselves and their children. We must as a people continue to use our most powerful leverage, our ideas, to promote peaceful change in South Africa. It would be counter to the objective of ending apartheid if we were to isolate South Africans and withdraw our influence from that society.

That is why we strongly support the continued presence of American business in South Africa. American companies have been in the forefront in the business community in promoting equal opportunity for their employees and in developing the managerial skills of blacks. Their examples have helped to stimulate South African companies to do likewise. These positive changes are helping to change attitudes as well as improve the lot of South African blacks.

So, there are several elements in our policy toward South Africa to encourage peaceful change:

-- meeting with all parties to the dispute to challenge them to break through the stereotypes and non-negotiable demands and engage in a real dialogue leading to a peaceful resolution based on the consent of the majority;

-- fostering change on the ground in South Africa by working with the victims of apartheid to help them develop leadership skills and self-empowerment, both economic and political;

-- supporting an active private American presence in South Africa to promote democratic values, including encouraging American businesses to stay and to build on their already commendable efforts to promote racial equality; and

-- working with our allies to assert our vision of the future, with the intention of stimulating debate and reasoned dialogue among South Africans about the parameters of a democratic future for their country.

Our Vision of the Future

It is obviously not up to us to prescribe a detailed blueprint for political change in South Africa. That must be worked out in negotiations open to participation by all South Africans. But we have listened carefully to what South Africans have to say about the future of their country. And we do have experience to draw on -- the Western experience of building democracies, an achievement in which we take pride and which we believe offers something of value to other countries as well.

I therefore want to close my remarks by spelling out the democratic values on which our policy is based. We want South Africans to know clearly what we are for, as well as what we are against. These are ideas that we believe would help South Africans chart their own path to a democratic and prosperous future. We Americans do not claim a monopoly on democratic concepts for another country, but we have every reason to make clear our hopes and vision. I challenge South Africans to rise to the test of building a future which takes into account these ideas.

Here, then, are the basic ideas that we believe must be addressed by all South Africans as they negotiate a replacement for the current system in South Africa:

-- A new constitutional order for a united South Africa establishing equal political, economic, and social rights for all South Africans without regard to race, language, national origin, or religion.

-- A democratic electoral system with multiparty participation and universal franchise for all adult South Africans.

-- Effective constitutional guarantees of basic human rights for all South Africans as provided for in the Universal Declaration of Human Rights and the canons of democracies everywhere, including: the right to liberty and security of persons; the right to freedom of speech and the press, peaceful assembly and association, and practice of religion; the right of labor to organize and pursue peacefully its economic objectives; the right not to be deprived of property except by due process of law and upon payment of just compensation; the right of movement within the country, emigration, and repatriation; and the right of individuals and communities to use their own languages and develop their cultures and customs.

-- The rule of law, safeguarded by an independent judiciary with the power to enforce the rights guaranteed by the constitution to all South Africans.

-- A constitutional allocation of powers between the national government and its constituent regional and local jurisdictions in keeping with South Africa's deeply-rooted regional and cultural traditions. and,

-- An economic system that: guarantees economic freedom for every South African; allocates government social and economic services fairly; and enables all South Africans to realize the fruits of their labor, acquire and own property, and attain a decent standard of living for themselves and their families.

A Policy That Supports Our Vision

This, then, is our vision for a democratic future for South Africa. As such a South Africa struggles to be born, there is an urgent need for all concerned in southern Africa to work for an end to violence in all directions -- whether it be the violence of cross-border raids or the violence between security forces and demonstrators in the black townships. There is a need for strict respect by all the countries of southern Africa for the sovereignty and territorial integrity of their neighbors. A South Africa at peace with itself on the basis of the ideas I have just set forth would also be at peace with its neighbors and entitled to their recognition and respect. And a regional order in which all states lived in peace would encourage South Africans to get about the task of negotiations.

Apartheid has condemned the majority of South Africans to an unjust state of economic underdevelopment. Certainly we can strive to do more. As South Africans move toward meaningful negotiations, the United States would be willing to encourage this process. One of the ways we could encourage it would be to expand our efforts to help the victims of apartheid lift themselves out of poverty.

If the contending parties in South Africa are ready to take risks for peace, they may be assured of the active political, diplomatic and economic support of the United States and its allies. We will support those who are working toward these democratic goals. We are ready to take whatever steps we can -- providing channels of communications or a site or lending our political support for meetings between South Africans interested in serious dialogue.

The problems in South Africa are vast. At times they appear overwhelming. A long-entrenched system of racial oppression must and will be replaced. This can be done without in the process destroying a society and economy that can offer better lives to all South Africans. This process will not be easy. All parties will have to be prepared to discard their non-negotiable demands and make difficult compromises.

The hard work is up to the South African people themselves. They are South Africa's greatest resource and its greatest hope. They have it within their power to create a bright future for their children and to unlock the tremendous potential of their land. The time has come for South Africans to act on their hopes, not on their fears. They will find a friend in the United States when they do so, a friend that is realistic in its understanding, hopeful in its expectations, and optimistic in its vision of what they can achieve.

A DEMOCRATIC FUTURE: THE CHALLENGE FOR SOUTH AFRICANS

A couple of days ago, in a speech in New York, Secretary Shultz laid out a set of ideas that collectively described America's vision of a free South Africa. Prior to that speech, we had spoken out often on what we are against: racism, apartheid, cross-border violence, black disenfranchisement and economic exploitation, "necklacing," and terrorism -- by any party.

On Tuesday the Secretary stated as clearly as possible what the United States is for in South Africa. Most of you have probably read the statement, or read about it, but I think it's useful for us to recapitulate the democratic precepts he enunciated. Briefly, the South Africa that we Americans -- and, I daresay, most Western democracies -- envisage is a society based on:

-- A constitutional order establishing equal political, economic, and social rights for all South Africans;

-- A democratic electoral system with multiparty participation and universal adult franchise;

-- Effective constitutional guarantees of basic human rights for all South Africans as provided for in the Universal Declaration of Human Rights;

-- The rule of law, safeguarded by an independent judiciary with the power to enforce rights guaranteed by the constitution to all South Africans;

-- A constitutional allocation of powers between the national government and its constituent regional and local jurisdictions;

-- An economic system that guarantees economic freedom; allocates government social and economic services fairly; and enables all South Africans to realize the fruits of their labor, acquire and own property, and attain a decent standard of living.

You will notice that I described these democratic principles as what "we Americans" envisage for the future of South Africa. I did so because on these bedrock issues there is no significant disagreement in our country. Yes, we want an end to apartheid. But we want more than that. All Americans seek a South Africa based on these universal principles of freedom, justice, and equality.

A Changing Debate

So the question of ends is not and has not been a matter of great controversy in this country. Rather, the impassioned debate of recent years has been -- and remains -- about the means to achieve those ends. Today, I'd like to talk to you about means -- about how to move from principles to practice, from vision to reality. And I'd like to talk specifically about what the United States can do, and -- equally important -- what it can't do: that is, what only South Africans themselves can do.

At the risk of some oversimplification, I would characterize the debate over the proper U.S. role in South Africa as spanning a spectrum that runs, at one end, from those who believe primarily in the power of persuasion and the efficacy of diplomacy, to those, at the other end, who champion a policy of punishment and isolation. This is, of course, an exaggerated construct. Most serious participants in the South Africa debate advocate a mixture of measures drawn from both approaches.

Those nearer to the end of the spectrum that advocates use of diplomatic influence have operated on the premise that apartheid bears the seeds of its own destruction and that some in the white South African leadership realize this and are already seeking -- often against extreme conservative opposition -- to find a way out of this blind alley. A related premise is that apartheid's incompatibility with economic reason as well as moral principle will increasingly lead to change -- changes of law, policy, and practice as well as changes in power relationships within the society.

In these circumstances, the most effective role the United States could play has been perceived to be support and encouragement of these forces for change providing positive reinforcement for incremental moves and acknowledging progress towards a more open society when it occurs, while avoiding self-righteous moralizing and sanctimonious gestures. An active and socially conscious U.S. business presence in South Africa is an important element of this approach, acting as an agent of black economic empowerment and its inevitable concomitant, political consciousness. At the same time, political and psychological pressure, public criticism, and selective sanctions have played an important supportive role.

Unfortunately, the South African government has been slow to take advantage of a unique opportunity to set a course toward extricating its people from the quicksand of apartheid. Many positive changes have unquestionably occurred in South Africa in recent years, including abolition of some of the most odious apartheid laws, and some of the wilder delusions of grand apartheid are being abandoned. But none of these measures have addressed the core of the South African dilemma: the issue of political equality. Sadly, external diplomatic efforts to hasten the pace of evolution away from apartheid and repression and toward a more open, democratic society have achieved only limited success.

Toward the other end of the spectrum have been those who believe that apartheid will not yield in any realistic or acceptable time frame to diplomatic pressure and persuasion, selective criticism, and the progressive influence of Western economic and cultural presence. They are convinced that nothing short of the threat or even the actuality of total isolation and eventual economic ruination will bring the white South African leadership to its senses and compel them, however reluctantly, to negotiate or accede to a new political, economic, and social order.

Frustrated by the slow pace of evolutionary change and the brutal repression of mounting black protest, the U.S. Congress last year enacted aspects of this latter approach into law in the form of the Comprehensive Anti-Apartheid Act, in the apparent belief that broad economic sanctions would achieve quickly what a mix of positive incentives and selective pressures had not brought about.

The experience of the last year has failed to bear out these expectations. While it is impossible to ascribe particular political and economic consequences to specific measures embodied in the Act, we can agree that none of the actions on the part of the South African Government that the legislation hoped to achieve have so far taken place.

No meaningful reform has taken place since October 1986. The State of Emergency has not been repealed; in fact, the earlier decree was toughened. Key political prisoners have not been released. Indeed, the number of political prisoners has vastly increased, including large numbers of minors. No timetable has been set for the elimination of the remaining apartheid laws. South Africa has not ended military and paramilitary activities against neighboring states. The cycle of violence and counterviolence between the South African government and its opponents has, if anything, gotten worse.

All this doesn't mean that South Africans or their government are impervious to outside pressure or that we oppose all forms of pressure or sanctions in principle. Indeed, this Administration has itself voluntarily imposed sanctions, ones that were carefully targetted at apartheid-enforcing agencies and designed to avoid perverse consequences for our influence and unnecessary hardship to the very people in South Africa and the Front-Line States we were trying to help. But the government's response to external pressure over the last year gives no grounds for hope that more sanctions will produce better results. In passing and implementing last year's legislation, it is clear that we Americans oversold to ourselves what external sanctions could contribute to bringing about fundamental change in South Africa.

The whole experience of Western policy debate over South Africa for the past generation has been a very sobering experience for all concerned. The hoary truism about there being "no easy answers" has been brought powerfully home. As we near the end of the 1980s, a new consensus may be emerging around this proposition: there is no silver bullet, American or otherwise, that will end South Africa's suffering or solve its problems. Increasingly, it is understood that the demise of apartheid is an agonizingly long and often frustrating process; one on which we can have only marginal influence. As the economic stagnation that sanctions were intended to produce begins to exact a toll in declining living standards and rising black unemployment -- and as meaningful change does not occur in the face of such symbolically potent but practically impotent punitive measures -- enthusiasm for even more drastic measures, such as legislatively-mandated disinvestment, is receding. Sanctions are, I believe, yesterday's agenda, shown by today's events to be less helpful than they are injurious to the hopes of South Africans for tomorrow.

At the core of our sobering experience is the realization that there is a severe limit to what the United States -- or any other outside power or combination of powers -- can do to bring about change in South Africa. We can and we must continue to pursue a policy of both pressure and persuasion. The sanctions enacted in the 1980s and previous decades serve as a measure of our indignation at continuing racial injustice and repression. We will continue to use every appropriate form of peaceful persuasion to accelerate the pace of change. But we know now -- more than ever -- that the fate of South Africa is not in our hands.

Break the Cycle of Violence

Secretary Shultz has just enunciated the democratic precepts and goals that underlie our policy -- precepts that we hope will help South Africans build their future. They point to a vision that I believe many South Africans -- of all races -- can embrace. But it is one thing to articulate a vision; it is quite another to translate it into reality. The heart of my message to you today is that that Herculean task can only be accomplished by South Africans themselves. The United States can and will continue to encourage and support forces for democratic change and to catalyze where possible the painful, complex process of reconciliation and accommodation that must occur. But we cannot make the changes and we cannot do the reconciling. Only South Africans themselves can do that.

The great future we envisage will remain beyond the reach of the South African people as long as their country is tortured by the violence of repression and armed resistance. Peace and justice can't be enforced by a state of emergency, denial of due process of law, and the silencing of political opponents. Nor can they be realized by revolutionary upheaval or cross-border guerrilla forays. These aspirations can only be achieved, I am convinced, by breaking down the walls of fear, suspicion, and profound mistrust that divide South Africans, black and white, from each other.

The problem was eloquently expressed by our ambassador to South Africa, Ed Perkins, in a recent talk in Johannesburg. He put it this way:

"If I were to choose the most poignant thing I have witnessed since my arrival here it would be the lack of knowledge and understanding [of each other] among South Africans. You live in two different political and economic worlds. You come from different social traditions. And you are only now getting to know each other. All over this lovely country, blacks have asked me what is it that whites are thinking, and whites have questioned me -- almost wistfully sometimes -- about life and thought in the townships....The sad fact", he concluded, "is that apartheid has been all too successful at keeping people separated and making it extremely difficult for them to establish normal structures which would facilitate communication."

If this gulf is ever to be bridged, South Africans must somehow begin to talk to each other and truly to get to know each other as equal human beings. I know that this is no simple undertaking; indeed it is nearly impossible in the current climate of fear and insecurity -- physical and psychological -- in which all South Africans live. Such fear is not simply the product of ignorance and misunderstanding. It is a very real reaction to the ever-present threat -- and reality -- of violence in that deeply troubled land, and to the looming unknowns of political change.

If dialogue is ever to have a chance, South Africans must find a way to turn away from violence in all its forms -- the brutal violence of the *sjambok* and the grisly violence of the fiery "necklace"; the diabolical violence of jailhouse torture and the murderous hit squad; and the indiscriminate violence of the shopping-center bomb. If South Africans are ever going to negotiate a common future, they need to stop maiming and brutalizing each other before this becomes that country's way of life.

The citizens of South Africa are not the only victims of this hideous cycle of violence. When real black anger takes the form of guerrilla attacks on isolated farms or car bombs in urban areas, the reaction all too predictably is for South Africa's security forces to lash out against its neighbors. Violence begets violence, be it wholly indigenous or projected across borders. The sad price of individual blows against the symbols of apartheid or the symbols of resistance to it is likely to be long-term instability throughout the region. In such a regional cycle, the only winners are those leaders and decision-makers who control the tools of violent action. That is bad for the entire region and bad for the process of democratic change in South Africa. We have worked hard, and will continue to strive, to reduce Southern Africa's regional violence.

Almost as important as the reduction of violence is the maintenance of a dynamic economy. In an atmosphere of economic anxiety, with intensified competition for diminishing resources, trust and dialogue will be even harder to build. In this sphere, we and other Western nations have an important role to play. Continued vigorous participation by U.S. business in the South African economy, guided by the still-valid Sullivan principles, and notwithstanding the countervailing effect of sanctions, is an important factor in sustaining a climate of economic hope in which black, brown, and white South Africans realize that the politics of negotiation do not need to become a zero-sum game.

If these conditions can be met, there are grounds to hope that dialogue can lead the way to a brighter future for South

Africa. Already there are hopeful signs here and there that South Africans of vision, good will, and courage are reaching out across the racial divide in an effort to communicate and to explore a common future.

Just two months ago, as you are all aware, a group of prominent Afrikaners -- intellectuals, businessmen, and even politicians -- travelled to Dakar to meet with a delegation from the African National Congress. The very fact of the meeting was a historic first, with participants on both sides awed by the extent to which they agreed about what needed to be done in South Africa. A few months before the Dakar meeting, the head of the Broederbond, once the very fountainhead of apartheid ideology, met with a prominent leader of the ANC. It is likely that such contacts are paralleled by unpublicized probes. The significance of direct meetings like this is less in what they have so far accomplished than in the fact that they so clearly contradict the popular mythology of rigid preconditions and non-negotiable demands.

On a more concrete level, the ongoing Indaba experiment is another encouraging development, in which leaders from all racial groups are seeking to hammer out a new non-racial order for Natal province. Although it has encountered stiff opposition from some government leaders and from rival black political organizations, this unprecedented effort at black-white cooperation is a beacon of hope and a source of inspiration for all those who work for peace and justice in South Africa.

I do not want this assessment to be mistaken for naivete. I don't believe that the millenium of racial justice in South Africa is around the corner, or even in sight. Just because people are able to talk to each other obviously does not mean that they will necessarily agree or even take each other seriously. Without gainsaying the courage of those South Africans who have dared to challenge taboos against talking to "the enemy" -- be that enemy the ANC, Inkatha, AZAPO, or the SAG -- the fact is, as we say in the United States, "talk is cheap."

If South Africans are to move beyond this critical first step toward the building of a true democracy, dialogue must be deepened and broadened beyond the vanguards of rapprochement to encompass those who wield the power to move from talk to action. These leaders must be prepared for compromises of the most profound kind. They will have to abandon the pernicious illusions in which so many South Africans are still trapped: the illusion that racial dominance and privilege at the expense of the majority can be maintained by force in today's world, and the parallel illusion that a powerful, deeply-rooted system built up over 300 years can be overthrown in a violent cataclysm without untold suffering to all concerned.

The Responsibility of South Africans for their Future

This leads me to a final set of observations about our respective roles as Americans and South Africans. As one who has participated in countless meetings with all kinds of South Africans over many years, I am struck by the fundamental ambivalence in their attitude toward the U.S. and the outside world generally. On the one hand there is wounded pride and sense of resentment when outsiders act or speak out or propose concepts for consideration. At the same time, every South African party appears to want intervention on its side and is quick to blame outsiders for their problems if that appears convenient. Well, I think it is time for South Africans to accept their responsibilities, to recognize the limits on our role, and to stop this adolescent tendency to alternatively cultivate or scapegoat the foreigners who mean your country well. We are neither the cause of your problems nor your saviors.

We repeatedly hear Government spokesmen assert that it is only because of Western naivete, spinelessness, and double standards that they face Western pressure and that black opposition groups have gained legitimacy in South Africa. The plain fact is that it is apartheid that fuels black anger and Western outrage. It is equally frustrating to hear black South Africans and officials of other African states maintain -- against all evidence -- that the West supports apartheid and that only massive external pressure and isolation of South Africa will bring the walls of apartheid crashing down. The truth is that this line of reasoning debases the black struggle inside South Africa, where blacks are building strategies and institutions that have already led to significant changes in that country and are destined to lead to truly fundamental changes in the years ahead.

We and other Western nations have a role to play and we intend to continue playing it. That role includes the full range of diplomatic tools that we believe can advance our hopes for democratic change. The United States can and will continue to help bring South Africans together to talk and to listen to each other, in dialogues such as this one. We will continue to use our influence to secure the release of political prisoners, which is prerequisite to inauguration of a serious process of accommodation. We will continue to provide generous assistance to black education, community mobilization, labor organization, and human-rights advocacy -- essential building blocks in the foundation of a non-racial, democratic South Africa. And you may be sure that as the process gains momentum, as South Africans demonstrate the will to work together, much more assistance will be forthcoming. Americans have always responded generously to people's efforts to help themselves.

But our message to South Africans must be that the key -- the willingness to compromise and to accommodate -- rests in your hands, not in ours. Unless South Africans can move decisively to come to terms with each other, they will condemn themselves and future generations throughout their region to a life of growing strife and deepening poverty.

Though the hour is late, time for accommodation has not run out. If South Africans do your part -- the hardest part -- to bring it about, we will do ours.

PREPARED STATEMENT OF JARIRETUNDU KOZONGUIZI

[Presented to the Honorable Jesse Helms of North Carolina, Ranking Republican, Senate Foreign Relations Committee, October 22, 1987]

We in Namibia take, as you will understand, a particular interest in the proceedings of your subcommittee on reviewing the effects of the Comprehensive Anti-Apartheid Act of 1986 on the situation in what is defined as South Africa. We have read with care President Reagan's report to the Congress pursuant to section 501 of the act and the recent statements of administration policy on South Africa embodied in the remarks of Secretary of State Shultz before the Business Council for International Understanding on September 29, 1987, and those of Assistant Secretary Crocker at the White Plains' Conference on "South Africa in Transition", on October 1, 1987. We have also reviewed, with equal care, the statements of a considerable number of Members of the Senate and the House of Representatives of the same topics. We believe that we now understand, as far as any person outside of the foreign policy process of the United States is capable of doing, what the great majority of American statesmen and politicians are seeking to achieve in South Africa.

Perhaps I ought to begin by indicating to you what our understanding of that objective is. We see your efforts as directed towards, as Assistant Secretary Crocker indicated on October 1, the elimination of racism, apartheid, cross-border violence, black disenfranchisement and economic exploitation, necklacing and terrorism, by any party in Southern Africa. We see them as intended to promote, as the Comprehensive Anti-Apartheid Act itself makes clear, the emergence of a non-racial, democratic form of government in South Africa. To the extent that there are differences between you, these appear to us to be limited to questions of strategy. The debate, it seems, centres on how best to achieve the goals which all relevant political actors in the United States espouse.

We are aware that the situation in South Africa is a source of concern to all Americans. The parallels with the struggle for civil and political rights in your own country is, despite the obvious differences, politically irresistible. Political leaders and indeed millions of other American citizens of both parties and many different points of view have become convinced that the United States must act in a manner consistent with its moral principles, to contribute positively in whatever way it can to hastening the demise of apartheid in South Africa.

Both President Reagan and Secretary of State Schultz delivered major policy addresses on this topic before the Comprehensive Anti-Apartheid Act was passed last year. In his speech at the White House on July 22, 1986, before an audicence of members of the World Affairs Council and the Foreign Policy Association, President Reagan identified six "necessary components of progress toward political peace" in South Africa. These were:

The establishment of a timetable for elimination of apartheid laws;

The release of all political prisoners;

The release of Nelson Mandela, to participate in the country's political process;

The unbanning of black political movements;

The commencement of a process of dialogue about constructing a political system resting on the consent of the governed where the rights of majorities, minorities and individuals are protected by law;

The protection (and development) of the South African economy as the economic locomotive of the southern Africa region.

In his testimony before the Senate Foreign Relations Committee on July 23, 1986, Secretary Shultz added to the President's catalogue, the need for the South African Government to end repressive measures, especially the state of emergency; called on black South Africans to avoid the easy descent into violence, terrorism and extremism; to demonstrate their understanding of the need for compromise; to remember that they may soon share responsibility for governing and reconstructing South Africa; and to seek out and accept realistic openings for dialogue and negotiation with the Government.

I should imagine that it would be almost impossible for a caring and responsible American, irrespective of his or her political affiliation, to find fault with these principles. In the absence of steps demonstrating good faith, a willingness to negotiate and compromise and a real desire to define and consolidate the badly eroded middle ground of South African politics, it is hard to see how a democratic, pluralist future can be secured for all South Africa's inhabitants.

Secretary Shultz noted the pervasiveness of fear in South Africa: Fear of radical change and the destruction of familiar value systems on the part of whites; fear of even greater violence and repression on the part of blacks. He called on the true friends of the people of South Africa to help show all in that society the way out of this slough of despair.

Doing this, both President Reagan and Secretary Shultz have suggested means encouraging the South African Government and the young, angry black citizens of that country to find a better future along the path they indicated. It will not have escaped the notice of many that the path suggested by Mr. Reagan and Mr. Shultz is essentially the same as that proposed by the luminaries of the Commonwealth eminent persons group, and by the European Community, whose emmissary, British Foreign Secretary Sir Geoffrey Howe, paid an extended visit to southern Africa in 1986.

Despite the failure thus far of the protagonists in the South African drama to accept the advice offered to them, it is difficult to believe that those who shape policy in the United States have any option but to continue to work toward this goal. No course other than compromise can produce peace in South—and southern-Africa; no approach other than promoting it is, I assume, consistent with American values.

It seems clear, however, that you, and your allies, will enhance the prospect of success in South Africa, if you apply the same principles more consistently in southern Africa as a whole. And there can be no doubt that you have, thus far, most regrettably, failed the test of consistency in Namibia.

Namibia, my country, a large, sparsely populated land of only 1.2 million people, lies sandwiched between the strife-torn nations of South Africa and Angola. Despite this, the continuing hysteria of the U.N. council for Namibia and the residue of an insurgency campaign waged by the Soviet and Cuban backed South West Africa peoples organization (SWAPO), it is a remarkably peaceful and increasingly democratic society. Governed since June 17, 1985, by a transitional government of National unity consisting of six indigenous political groups, the country has made important strides towards becoming the sort of society which you have indicated you would like to see in South Africa.

Consider the following:

1. *Elimination of apartheid:*

Namibia's Cabinet, with full executive powers outside of external defense and foreign relations, consists of eight ministers, only two of whom are white. Chairmanship of the Cabinet rotates every 3 months. Eight deputy ministers assist their Cabinet colleagues; only one is white.

The National Assembly, with full legislative power excepting in matters of external defense and foreign relations, comprises 62 members, 11 of them white.

The Constitutional Council, charged with making proposals for an independence constitution, to be submitted to the electorate in a referendum, comprised 18 members, 2 of whom were white.

On April 8, 1986, by unanimous vote of the National Assembly, it was decided that all remaining manifestations of institutionalised ethnic and racial discrimination and separation (e.g. proclamation A.G. 8 of 1980) could not simply be changed but had to be entirely removed and that the new political and administrative dispensation in Namibia, was to be based on:

". . . A geographic, that is, non-tribal and non racial, demarcation of (the) country—organised in such a way that all sections of our national society are represented at all levels of government, local, regional and/or provincial, and national."

Proposals by the different parties to give effect to this resolution have been considered by the Constitutional Council and the Select Committee on National Unity of the National Assembly.

All other legal manifestations of apartheid (prohibition of "mixed" marriages and inter-racial sex, the "group areas" and "separate amenities" acts, the "pass laws" etc.) were abolished in Namibia between 1977 and 1986. It is a criminal offense, with prescribed penalties, to attempt to segregate on grounds of race or color in Namibia's urban areas.

2. Release of political prisoners:

Nelson Mandela's equivalent in Namibian terms is Herman (Andimba) Toivo Ja Toivo, a colleague of mine in the early days of the struggle for Namibia's independence, and now SWAPO's Secretary-General. He was released in 1984, following strong representations by the Multi-Party Conference (MPC), the parties represented in which, now constitute the Namibian Transitional Government of National Unity (TGNU).

Since coming to power, our cabinet has ordered the release of 22 persons, who had been sentenced to terms of imprisonment by South African and South West African courts for crimes related to their political beliefs. Seventeen of these men were serving life sentences.

Well over 30 persons detained without trial under the harsh provisions of section 5 BIS of Proclamation AG-9 of 1977, have likewise been released, as have the last six detainees under Proclamation AG-26 of 1978. Although officials of the Army and police still enjoy powers of discretionary detention up to 30 days—necessitated by SWAPO's insurgency campaign and the great distances within Namibia—no significant Namibian political figure is in prison or detention today.

3. *Unbanning of political movements:*

No political movement is banned in Namibia. Unlike Angola, Mozambique, South Africa, Zambia or Zimbabwe—all neighboring states—no state of emergency has been proclaimed in Namibia. Until 15 months ago it was held that SWAPO as an organization campaigning for the overthrow of the government by violence, and indeed prosecuting acts of terrorism and sabotage in Namibia, was prohibited—by a law based on Article 20 of the U.N. International Covenant on Civil and Political Rights—from holding meetings of more than 20 persons. In July 1986, however, a full bench of the Supreme Court ruled that SWAPO was not covered by this prohibition and the organization has held several public meetings in the year.

4. *Dialogue to promote agreement on a new comprehensive, democratic, political system, including legal protection of the rights of majorities, minorities and individuals:*

The multi-party conference unanimously adopted a full-fledged bill of fundamental rights and objectives in April 1984. At the conference's request, the rights enshrined in this bill were incorporated into the proclamation constituting the transitional government of national unity and the government's executive and legislative competence is restricted by the bill of rights. The Namibian Supreme Court is empowered to review all legislative and executive acts of the TGNU and to strike down legislation passed by the national assembly in conflict with the bill.

The cabinet introduced legislation instituting the Office of Ombudsman—a public official responsible to the National Assembly for reporting on and, where possible, rectifying instances of administrative violations of the bill of rights. The first ombudsman, a judge of the supreme court, began his term earlier this year.

The Multi-Party Conference was itself a forum, created by Namibian political leaders, for dialogue about the creation of a democratic political system responsive to the needs of all Namibians. The conference include representatives of the 11 constituent parties of the Democratice Turnhalle Alliance (DTA), the Labour Party of Namibia, the National Party of South West Africa, the Rehoboth Free Democratic Party, the South West Africa National Union (SWANU) and the Swapo-Democrats. All of these political groups are now represented in Namibia's transitional government of national unity.

The MPC sought throughout to include all Namibian political groups—including the South West Africa People's Organization (SWAPO)—in the conference. The leaders were assisted in this endeavor by Presidents Kaunda of Zambia, Houphouet-Boigny of the Ivory Coast, Bongo of Gabon, Eyedema of Togo and, to some degree, Perreira of the Republic of Cape Verde. Under President Kaunda's auspices, and with the Administrator-General of South West Africa as a co-chairman, Namibia independence talks between delegations representing the MPC and SWAPO were held in Lusaka, Zambia between May 10 and May 13, 1984. These talks broke down when SWAPO President Sam Nujoma refused, despite President Kaunda's urging, to sign the final communique. President Houphouet-Boigny, however, has continued his efforts, at the request of the transitional government, to bring the parties together for a further round of talks.

Since forming the TGNU, the MPC parties have also invited SWAPO on many occasions to join them in discussions about means of achieving national reconciliation and unity in Namibia, as a prelude to peaceful and stable independence. They have been rebuffed, chiefly because SWAPO, which enjoys the status of permanent observer at the United Nations, and is heavily funded by the world body and recognized as the "sole and authentic representative of the Namibian people" by the U.N. General Assembly, does not appear to be interested in forfeiting its unique and privileged status in the interests of Namibian national reconciliation. Instead it prefers to continue its glamorous sounding "war of national liberation"—in fact, an unsuccessful, Angola-based campaign of intimidation, sabotage and occasional low intensity guerrilla insurgency—and bask in its status as a "vanguard party". Although SWAPO is not a communist movement—it is not in fact ideologically disciplined at all—it does receive approximately 60 percent of its total assistance and about 90 percent of its military aid from Soviet-bloc countries. SWAPO President Sam Nujoma is, of course, a member of the World Peace Council and a guest speaker at every Communist Party Congress from Angola to the Soviet Union. The organization's political program aims, through prosecution of the "armed struggle," at establishing a "classless society" based on the "principles of scientific socialism."

One might assume, bearing in mind the goals of the administration and the congress in respect of South Africa, that these efforts to shape a moderate, democratic future for Namibia, would enjoy comprehensive diplomatic and practical support in the United States. Instead, under the influence of UNSCR 435 (1978) which provides for "free and fair" elections in Namibia, under U.N. auspices, the U.S. Government has held the TGNU at arms length, refused to assist us in any way and, as a matter of conscious policy, continues to discourage any form of private investment in Namibia. "Free and fair" elections in Namibia are greatly to be desired, but they cannot be held under the aegis of the U.N. as long as the United Nations remains committed to and wholly identified with SWAPO, both in fact and in the minds of all Namibians. The implementation of UNSCR 435 is, moreover, blocked by the insistence of the U.S. administration and the South African Government on prior agreement being reached on the withdrawal of all Cuban troops from Angola.

Can Namibians do more at this stage to comply with the political standards suggested by the Congress, the administration, Commonwealth Eminet Persons' Group and the European Council of Ministers, for South Africa? How does the Congress justify the extraordinary step it took last year, in defining Namibia as part of South Africa for the purposes of the Comprehensive Anti-Apartheid Act? We are heartened by the fact that the European Communities took a completely different approach; the president of the Council of Ministers having made clear that the Namibian question was completely distinct from that of South Africa and required a different approach.

Why, however, should the United States seek to punish us for doing just what you are seeking to have South Africa do? The Namibian TGNU stands for the same values which the United States propounds; we are a moderate African government, committed to the liberation and independence of our country, but well-disposed to the United States and other Western powers. Our human rights record, even in the difficult circumstances brought on by a continuing low-level, Soviet-backed insurgency, is vastly better than that of many other African states and a considerable improvement on that of the South African administration which preceded us.

What can we do to avoid the gratuitous punishment effected by the Congress' decision to include Namibia—in defiance of geography and international law—in its definition of South Africa?

We are not in a position to force the Cubans to leave Angola. Their departure is a condition precedent to our independence established by the U.S. administration. We do not criticise you for this; the presence of more than 30,000 Cuban combat troops just to the north of us does indeed, as Assistant Secretary Crocker has noted more than once, pose a threat to the possibility of true independence for Namibia. But we cannot understand why we should be punished with economic sanctions because our independence is being delayed by the existence of a Cuban threat to the stability of this region!

The situation in Namibia in this transitional phase therefore provides the United States with an opportunity both to support democracy in Namibia and to signal the South African Government and all South African citizens that Washington is indeed prepared to support constructive moves, as Mr. Reagan and many other prominent Americans, of both parties, have suggested, down the path to a democratic South Africa. Whatever the justification for economic sanctions, and I must place on record that we have fundamental reservations about their efficacy as policy instruments in the circumstances in which the Congress has seen fit to apply them—Namibia should clearly be exempted from those applied against South Africa. This is necessary, both on the merits of the case and in order to send the proper signal to all parties.

There is undoubtedly a reservoir of political support in the Congress and in the United States as a whole, for steps to promote the end of racial discrimination and the construction of a democratic future in southern Africa. If the Government and whites of South Africa are to be encouraged to take these steps, however, and if that nation's black citizens are to be nudged toward accommodation and compromise, this administration and Congress must show that they are prepared to support and reward such a process where it is taking place in Namibia. Unless there is tangible evidence of such support, the United States cannot expect anyone in South Africa, or elsewhere in the region, to take its promises and assurances seriously. If you lack the political and moral courage to act consistently at present, the Soviet Union's interest in promoting societal polarization and revolutionary class struggle in southern Africa will go unchallenged and a bleak future awaits all of us who live our lives on the subcontinent.

OPENING STATEMENT
JUNE 22, 1988
SOUTH AFRICA HEARINGS
SENATOR MITCH MCCONNELL

MR. CHAIRMAN, AS I RECALL THIS TIME TWO YEARS AGO, THIS COMMITTEE AND THE SENATE WERE ENGAGED IN A SERIOUS DEBATE ABOUT THE U.S. RELATIONSHIP WITH SOUTH AFRICA. BY THE AUTUMN, WE HAD PASSED THE COMPREHENSIVE ANTI-APARTHEID ACT WHICH HAS HAD AN OBVIOUS IMPACT ON OUR OPTIONS AND OPPORTUNITIES IN SOUTH AFRICA, AS WELL AS HOW THE SOUTH AFRICANS HAVE CONDUCTED BOTH INTERNAL AND EXTERNAL AFFAIRS.

I THINK IT IS APPROPRIATE THAT TWO YEARS AFTER PASSAGE OF THE ACT WE EXAMINE THE RESULTS, INTENDED AND UNINTENDED, OF OUR DECISION. THERE IS NO DOUBT IN THE INTERIM THAT THE SITUATION IS QUIETER IN SOUTH AFRICA, BUT THE QUESTION IS WHETHER IT IS ANY BETTER FOR THE MAJORITY OF SOUTH AFRICANS? WE HAVE OBSERVED THOUSANDS OF DETENTIONS AND ARRESTS WITHOUT TRIAL. THE STATE OF EMERGENCY RESTRICTIONS HAVE BEEN RENEWED FOR A THIRD YEAR AND, JUST RECENTLY, EXPANDED. ALTHOUGH GOVAN MBEKI [redacted] WAS RELEASED, HE WAS IMMEDIATELY BANNED. AND, EARLIER THIS SPRING 18 ORGANIZATIONS WERE BANNED FROM PARTICIPATING IN POLITICAL ACTIVITIES.

FROM MY PERSPECTIVE, THE RECORD IS NOT VERY ENCOURAGING. HOWEVER, THE QUESTION WE MUST ASK OURSELVES IS HOW HAS THE COMPREHENSIVE

ANTI-APARTHEID ACT AFFECTED THESE EVENTS? DID THE IMPOSITION OF WIDE-RANGING SANCTIONS ACHIEVE THE RESULTS WE INTENDED? HOW HAVE THEY BEEN APPLIED, WHO HAVE THEY HELPED, AND WHO HAVE THEY HURT? AND, FINALLY, WE MUST ASK WHETHER THERE ARE ALTERNATIVES WHICH WE SHOULD EXPLORE WHICH MIGHT BE MORE EFFECTIVE.

WHEN SENATOR ROTH AND I INTRODUCED THE BILL WHICH EVENTUALLY BECAME THE COMPREHENSIVE ANTI-APARTHEID ACT OF 1986, BOTH OF US STRESSED THAT GOVERNMENT-TO-GOVERNMENT PRESSURE WAS THE KEY TO SUCCESS. MOREOVER, WITH A VIEW TOWARD CONTRIBUTING TO THE EFFORT TO BUILD THE FUTURE LEADERSHIP AND INSTITUTIONS OF SOUTH AFRICA, WE FELT IT WAS IMPORTANT TO STRENGTHEN THE EDUCATIONAL, POLITICAL, LEGAL AND ECONOMIC OPPORTUNITIES OF THE MAJORITY OF SOUTH AFRICANS. I THINK THESE POINTS OF CONCERN MAY HAVE BEEN LOST IN THE ANGER, FRUSTRATION AND DISAPPOINTMENT MANY HAVE FELT AND EXPRESSED ABOUT THE EVENTS IN SOUTH AFRICA.

I HOPE THE WITNESSES THE COMMITTEE HAS ARRANGED TO HEAR FROM WILL PROVIDE US WITH A SOBER, CANDID ASSESSMENT OF BOTH THE SITUATION IN SOUTH AFRICA AND THE CURRENT AND POTENTIAL U.S. ROLE, RESPONSIBILITIES AND OPTIONS. I WOULD LIKE TO SUGGEST THAT WE HEAR FROM SOME OF THE ADMINISTRATION AGENCIES RESPONSIBLE FOR ENFORCING THE BANS ON IMPORTS SO THAT WE MIGHT GET A SENSE OF HOW DIFFICULT THIS UNDERTAKING IS. I GATHER THAT IT IS NO EASY TASK.

I ALSO HOPE THAT WE WILL HEAR FROM A BROAD CROSS-SECTION OF AMERICAN BUSINESS REPRESENTATIVES TO GET A SENSE OF THEIR ROLE AND THE IMPACT SANCTIONS HAVE HAD ON THEIR ACTIVITIES. I STILL BELIEVE AMERICAN COMPANIES HAVE PLAYED A CRUCIAL PART IN ESTABLISHING STANDARDS FOR THE ENTIRE BUSINESS COMMUNITY'S CONDUCT IN SOUTH AFRICA. IT IS TRUE ONLY A SMALL NUMBER OF BLACKS ARE ACTUALLY EMPLOYED BY AMERICAN COMPANIES. HOWEVER, I DO NOT THINK ONE MEMBER OF CONGRESS COULD OR WOULD ARGUE THAT ANY OTHER COUNTRY'S CORPORATIONS, OR FOR THAT MATTER, ANY SOUTH AFRICAN CORPORATION WOULD CREATE THE PROFESSIONAL OPPORTUNITIES FOR BLACKS, OR OFFER THE EDUCATIONAL, HOUSING, HEALTH AND LEGAL SUPPORT THAT AMERICAN COMPANIES HAVE PROVIDED OVER THE YEARS.

I BELIEVE THAT THE COMBINATION OF DIRECT GOVERNMENT-TO-GOVERNMENT PRESSURE WITH STRENGTHENING THE ECONOMIC, LEGAL, POLITICAL, AND EDUCATIONAL OPPORTUNITIES FOR THE MAJORITY IS THE ONLY COURSE WHICH WILL MAXIMIZE U.S. LEVERAGE AND ENHANCE PROSPECTS FOR SUCCESS IN THE STRUGGLE TO END APARTHEID. I THINK WE MUST ALL BE REALISTIC ABOUT THE DEGREE OF INFLUENCE WE HAVE ON THE SITUATION - MY IMPRESSION IS IT IS LIMITED, ALTHOUGH SOME OF THE WITNESSES MAY BE ABLE TO ADD TO MY UNDERSTANDING. ON THE OTHER HAND, I THINK WE MUST BE CAUTIOUS ABOUT REMOVING OURSELVES FROM THE SCENE ALTOGETHER BY DEMANDING TOTAL DISINVESTMENT AND RESTRICTIONS ON ALL ASPECTS OF OUR RELATIONSHIP WITH SOUTH AFRICA.

THERE IS NO DOUBT IN MY MIND THAT THE CRISIS IN SOUTH AFRICA IS AS SERIOUS TODAY AS IT EVER HAS BEEN. AN EFFECTIVE PRESS CENSORSHIP CAMPAIGN SHOULD NOT LULL ANY OF US INTO BELIEVING THAT THE DEMANDS FOR REFORM HAVE CHANGED OR THAT THE CALL FOR FREEDOM HAS BEEN SILENCED. I WOULD HOPE THAT THESE HEARINGS WILL SERVE THE PURPOSE OF DRAWING ATTENTION TO THE GOALS, ASPIRATIONS AND LEGITIMATE RIGHTS OF ALL SOUTH AFRICANS WITH A VIEW THAT WE SHOULD BE HELPING BUILD A DEMOCRATIC NATION NOT SIGNING A DEATH WARRANT FOR ITS DESTRUCTION.

Statement
of
Senator Frank H. Murkowski

Senate Foreign Relations Committee
June 23, 1988

Mr. Chairman: Today's hearing and the one to be conducted tomorrow, on the same subject, are extremely important to the Senate, to the American people and to the people of South Africa. I am grateful to you and to our distinguished ranking minority member for scheduling this hearing. I am also grateful to our distinuguished colleagues for agreeing to appear as witnesses on this critical issue.

Let me begin, Mr. Chairman by saying that I oppose arptheid in all of its manifestations. Racism of any sort is unacceptable and must be stamped out.

Mr. Chairman I am from the largest state in area, and one of the smallest in population. The state which has the most rugged and adverse living conditions. We Alaskans, from a wide range of racial and cultural backgrounds understand well the strength which arises from diversity. We understand that racism and apartheid must lead inevitably to weakness not strength.

Not only is racism immoral, Mr. Chairman, it is simply does not work.

It should be our object to stamp out racism, not only in this country but wherever it occurs in the world. Surely the most obvious and festering sore of racism is South Africa.

Unfortuneatly, Mr. Chairman, the moral will to eliminate a problem and the means for doing so are not always present at the same time.

When I reflect on the situtation in South Africa, I conclude that if we in the congress are to deal with this problem, we must

use tools that will work, legislation whose effects will be to punish the perpretraters of apartheid, not its victims.

secondly we must be willing to bear some share of the sacrifice.

Consequently, Mr. Chairman, it is my hope that these hearings will provide us with an opportunity to review the effects of the 1986, both positive and negative on the situation in South Africa and to review what steps we might now take.

I have to say, in all candor, that I am not convinced that the bills offered either by our colleage from Massachusetts or that offered by our colleague from North Carolina meets the tests that I have just listed.

I will listen with great interest in these hearings to testimony which indicates both the effects of the 1986 legislation and that of the pending legilation on the situation inside of South Africa.

I do not believe that the 1986 legislation has caused any great advance in the cause of eliminating apartheid.

At the same time however, I do not believe that simply doing away with the 1986 sanctions will end apartheid either.

Whatever we, do, Mr. Chairman, it must be clear to the South African government, and to the peoples, black, colored, and white of South Africa that the American people regard apartheid as a supreme moral evil. Ending sanctions will not do that.

I will listen, also, Mr. Chairman, to testimony which will illuminate a number of areas in which the Kennedy bill and its companion bill in the House,the Dellums bill would create unintended and undesireable results.

It would make little sense, for instance, Mr. Chairman, if we in the United States would impose sanctions only to have the effect of those sanctions cancelled by the actions of others. I will be most interested to hear the degree to which the moneyed interests of Japan, Israel,and Taiwan have moved into South African ventures from which US companies have retreated.

It seems to me that whatever legislation we pass, Mr. Chairman, must not simply be an individualized American expression, but must work along with multinational sanctions. I will be interested to know from representatives of our Department of State what efforts are being made to achieve a truly multinational sanctions regime, which will involve all the developed nations who do business with South Africa.

The problem of apartheid in South Africa is not one that we can solve in the United States. We can perhaps contribute to the solution; we can provide world-wide leadership; but a true solution will not be easy. Sanctions alone will not do it, they must be part of a comprehensive intiative on a number of fronts. The advantage of these hearings, Mr. Chairman, it that they will allow us to approach the problem from a broad spectrum of points of view.

I think we all agree Mr. Chairman on the ends which we would desire in South Africa. The means are not as easy to discern.

ELECTION '88

The U.S. and Africa:

THE REPUBLICAN PLATFORM

BY GEORGE BUSH

In response to a series of questions posed by AFRICA REPORT, the Republican presidential candidate, Vice President George Bush, outlines his projected policies toward Africa, addressing the continent's economic crises, as well as the southern African region's conflicts, in this Election '88 exclusive.

Africa is important in its own right and important to the United States. I have travelled to Africa many times during my public career and as Vice President. Through these visits, I have come to know and respect many of Africa's leaders. I find in Africa a rich sweep of history outside that recorded by foreign conquests. My visits gave me the chance to learn about the "inner" Africa as I travelled from Cape Verde to Khartoum and from Algiers to Harare. United States-African relations will have a high priority in my administration, and I will remain personally involved in them.

We have economic, strategic, and human interests in Africa. The continent is a major and growing market for U.S. commodities, technology, and equipment. It is a source of minerals vital to our development and defense. Its shores control important trade routes. Domination of Africa by a power hostile to the West would represent a serious danger to our collective security.

Perhaps most of all, Africa is important to us in human terms. Africa is now suffering from a severe economic crisis. It is the moral duty of the world's wealthier nations to help Africa overcome this crisis. Our concern is all the more compelling because a significant percentage of Americans trace their cultural heritage to Africa.

U.S. goals in Africa are simple. We seek increased economic growth and a deeper respect for human rights throughout the region. Africa can achieve these goals within a free and open society. The spent rhetoric of statism and collectivism has brought little besides privation and grief. The callous manipulation of human suffering by the Marxist regime of Ethiopia is an example of the bankruptcy of the Soviet model in Africa. We must replace this model with one based on mutual respect and a shared commitment to free enterprise and human dignity.

On the economic front, we must continue to encourage a shift from state-controlled economies toward free market systems. Such a system alone will unleash the private sector as a dynamic engine of growth. Recently there has been a growing realization of this necessity throughout the continent in both socialist as well as capitalist nations. This is the most encouraging development in Africa in years.

All over Africa, there is a silent revolution, a turning away from the statist economic model, and a reaching out to free enterprise and open markets. What was the centerpiece of African socialism—state control of production and marketing—proved to be dysfunctional. It caused losses in production and a deterioration in transportation and communications. In nation after nation, these policies are being reversed.

The World Bank and the International Monetary Fund are playing key roles in reorienting African economic policies. U.S. government and American business can also help. In today's world, our major contribution to economic development lies in the export of American know-how, skills, and planning ability. In addition to American management skills and technical achievements, we also offer access to world financial and commercial markets. For example, Citibank has a program underway to establish a $30 million fund for investment in African companies. We must pursue with renewed vigor efforts to develop new agricultural technologies adapted to Africa.

Clearly, Africa will also require continued concessional development assistance. The objective of such assistance must be to promote self-sustaining African growth which will eventually end the need for outside aid. Our developmental assistance should focus on countries whose economic policies foster rather than stifle growth. Given the size of Africa's current crisis, I favor increased efforts at debt rescheduling accompanied by greater coordination and mobilization of Western financial support.

On the political front, we must oppose all insults to human dignity. Apartheid, repressive military dictatorships, and the disregard for the victims of famine and disease by their own governments have no place in international society. True to our heritage, we must remain vigilant in the defense of those individuals whose human rights are violated.

With regard to South Africa, all Americans agree on the need for an end to the racist doctrine of apartheid. Our policy is aimed at bringing about the peaceful end to this repugnant system. While we can offer assistance in achieving this goal, ultimately, the resolution of this problem rests with the South Africans. I believe the release of Nelson Mandela from prison would be an important first step. In addition, and in keeping with our belief that negotiation is the answer, I would meet with the leaders of both the black and white communities in order to get the talks moving.

To hasten the change process, Congress voted a series of sanctions to compel the South African government to end apartheid. While well-intentioned and morally self-satisfying, sanctions have proved counter-productive in practice. The record shows that all the steps taken in recent years by South Africa in the direction of dismantling apartheid were taken before sanctions. These insufficient actions included the elimination of the passbook requirements, the lifting of the prohibition on mixed marriages, the legalization of black trade unions, and the partial integration of hotel and restaurant facilities. Following the passage of sanctions, the South African government hardened its position and stopped making any new move toward reconciliation.

"I do not support further sanctions in South Africa. To imagine that we can impose a solution by taking further drastic unilateral measures shows a lack of understanding of South African realities."

Some of the sanctions implemented have clearly hurt blacks more than whites in South Africa. Others have resulted in U.S. business assets being sold to white South Africans at bargain prices. This is not what we want to accomplish in South Africa.

I do not support further sanctions in South Africa. To imagine that we can impose a solution by taking further drastic unilateral measures shows a lack of understanding of South African realities. I think we need a more effective diplomatic strategy, which involves active coordination with Europe and Japan.

Unilateral American action can accomplish little, but coordinated multilateral action may be able to accomplish a good deal.

> **"Our own goals should remain a negotiated settlement, the withdrawal of all foreign troops, and the independence of Namibia. Continued strong support of Unita can contribute to these ends."**

In my administration, the first thing I will do is meet with the heads of state of other Western countries to work out a united Western position on South Africa. Part of that position will be that fundamental political change is required if South Africa is to resolve its problems. Another part of the position will be that racial conflict in South Africa would be a catastrophe for all concerned. Therefore, we must all urgently work to prepare the way for negotiations about true sharing of political power.

We should also give economic support to black South Africans. There are many things that we are doing and can do to help the black community, so long as we do not cut ourselves off from the country by ill-advised actions. We should continue to expand the many government and private initiatives underway to help black South Africans in areas such as housing, education, and training.

Elsewhere, U.S.-sponsored negotiations are continuing between the parties concerned in Angola and Namibia, and it is pointless to second-guess them at this stage. The Angolan government has accepted the principle of the phased departure of Cuban troops. Our own goals should remain a negotiated settlement, the withdrawal of all foreign troops, and the independence of Namibia. Continued strong support of Unita can contribute to these ends just as our support of the Afghan freedom fighters played a key role in Afghanistan.

The guerrilla war in Mozambique is a tragedy. Serious charges of systematic brutality have been levelled against the forces of Renamo, the rebel movement. The government of President Chissano maintains close ties to Moscow, but is moving toward the West. It has recently made market-oriented changes in the economy, returned church property, and increased freedom of expression. I urge President Chissano to pursue this course with vigor. Ultimately, there is no alternative to a political settlement in Mozambique, and I urge both sides to accept that reality.

I favor economic assistance to the member nations of the Southern African Development Coordination Conference (SADCC) that supports the private sector and stimulates growth. This would strengthen and stabilize the economies of the frontline states. We should cut free the black states bordering South Africa from their total economic dependence on that nation.

The emphasis of U.S. programs for Africa must clearly be on economic, not military, aid. Soviet aid to Africa is almost entirely military, while this administration provides over six times as much economic as military aid to black Africa. While the Soviets pour arms into aggressive countries menaced by no one, we carefully tailored our military aid to reduce tensions by moderate assistance to countries facing a clear external threat.

The Maghreb provides a good example of a sound military assistance program. Two countries in the region, Morocco and Tunisia, have been victims of internal and external subversion. The modest military assistance which we provide to Morocco and Tunisia serves as a deterrent and contributes to the stability of the region. While helping our friends in Morocco and Tunisia, we must also work toward broadening our relations with Algeria. I actively participated in these efforts. The recent restoration of diplomatic relations between Algeria and Morocco is a positive and encouraging development.

In Chad, we recently witnessed another clear-cut case of Libyan aggression. Qaddafy's troops had occupied the northern half of that central African country for years. In a stunning feat, the Chadian army defeated the Libyan aggressors last year and drove them from most of the country. Had Libya's occupation of northern Chad continued unchallenged, it would have destabilized all the countries in the region. Chad received considerable French assistance, as well as military equipment from the U.S. during its struggle against Libya. I was pleased to work closely with our French allies in supporting Chad's national liberation struggle.

A successful American policy for Africa must begin with a deep commitment to help the continent move toward greater economic development within secure societies respectful of human rights. We can build a successful U.S.-African partnership on the three principles of economic growth, respect for civil liberties, and the security of both African nations and the Western world. Recent years have shown movement toward these ends, but many problems remain. The natural disasters of drought, famine, and Aids, civil turmoil, deteriorating infrastructures, and failed policies referred to earlier are well-known. However, determined action by African governments working in partnership with the Western world offers hope for a better future.

History shows that we can achieve the goals we seek under conditions of economic and political freedom. In our own two-century "experiment in democracy," we created a society which produced great strides in economic growth and personal freedom. This achievement came through our twin dedication to the free enterprise system and the principle of government based on the consent of the governed with protection for the rights of all. In our partnership with Africa, we can bring to bear not only our material assistance, but the guiding principles of our own growth for a brighter future for Africa in the years to come. □

Botswana Seizes S. African Commandos

By William Claiborne
Washington Post Foreign Service

JOHANNESBURG, June 21—Botswana's security forces captured two white South African Army commandos early today, hours after a shootout in which three Botswanan policemen were wounded and shortly before a car bomb exploded in Gaborone, the country's capital, according to the office of President Quett Masire.

Botswanan authorities said the South Africans in custody were part of a commando unit sent by Pretoria to mount a raid in Gaborone.

They identified the two men as Cpl. Johannes Basson, 25, and Theodore Hermanhen, 30, both of Johannesburg. Authorities in Gaborone said they were being interrogated.

Fourteen hours after the clash, a spokesman for the South African Army command said that a patrol "which was gathering information in Botswana" was involved in a shooting incident with the Botswana police. The Army headquarters in Pretoria said that when Botswana police fired on the patrol, the South African soldiers were "forced to return their fire."

The Army refused to comment on the two white South Africans Botswana said it was holding.

In the last three years, at least 23 people, mostly Botswana citizens, have been killed in cross-border raids.

Botswana authorities said a car carrying six unarmed policemen on a routine patrol south of the capital was fired upon by a group of South Africans at about 10:30 last night. Three of the policemen were wounded, one critically, authorities said.

They said the attackers—three whites and two blacks—fled in the police vehicle, which later was found abandoned on the Botswana-South Africa border.

Masire's statement said two other South African whites were arrested later by Botswana Army troops at a roadblock.

Masire said that at about 6 a.m., a car exploded in a Gaborone suburb, damaging the house of a local contractor but causing no injuries. The statement blamed the bombing on South Africa.

EVERY SONY ON SA
ENTIRE STOCK OF SONY CAMCORDE

United States Department of State

Washington, D.C. 20520

Question for the record from 6/22/88 hearing, pg 115 line 17

Q: Roughly how many people would you say, black South Africans, go to Eastern Europe for their education?

A: Because South Africa does not have diplomatic relations with any country in Eastern Europe, no students go directly from South Africa to study in those countries. Virtually all South African students who do go for training in Eastern Europe are exiles affiliated with the ANC and PAC and living in camps in Tanzania, Zambia, and Angola. Rough numbers, which include Namibians affiliated with SWAPO, indicate that from 100 to 150 such students are in Eastern Europe at any one time for academic and ideological training. A larger number of South Africans are in Eastern Europe for military training, although no reliable figures are available.

The Eastern European countries also give funds to the Solomon Mahlangu Freedom College in Tanzania. In late 1986, the Soviet Union pledged $100 million in educational assistance through the Non-Aligned Movement's newly-established Africa Fund, but we have no evidence that this has been (or will be) distributed or how much has been earmarked for South Africans.

On the U.S. side, A.I.D. funds academic scholarships for 268 disadvantaged South Africans in the United States and for 550 students studying in South Africa. Two programs supported by the U. S. Government, Phelps-Stokes and the African-American Institute, fund 65 scholarships for South African and Namibian exiles in the U.S. A.A.I. also supports 130 who are studying in Africa. In addition, the U.S. contributes 25 percent of the total budget of the United Nations Education and Training Program which funds scholarships for 1,398 South African and Namibian students in the U. S.(405), Europe, and Africa. Thirty additional students are in the U.S. under the auspices of the Bishop Tutu Scholarship Fund, which is funded by private donations and Phelps-Stokes. Universities, churches, and other private institutions also bring South African students to the U.S., but the number of these is unknown.

AS

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IMPLEMENTATION OF
THE COMPREHENSIVE ANTI-APARTHEID ACT
OF 1986

A Report by

The Southern Africa Project of the
Lawyers' Committee for Civil Rights Under Law

June, 1988

Gay J. McDougall
Director
Southern Africa Project

EXECUTIVE SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The Comprehensive Anti-Apartheid Act of 1986 ("the Act"), 22 U.S.C. §§ 5001-5116, has been in force since October 2, 1986. The Act extends some pre-existing U.S. restrictions on trade and financial transactions involving South Africa and imposes new limitations and prohibitions. The Act also prescribes criminal and civil sanctions for violation of those restrictions. Pursuant to the authority granted under the Act to the President and delegated by him to the Secretaries of Commerce, State, Treasury, Transportation, and Defense, regulations were promulgated to implement various provisions of the Act.

The purpose of this Report is to examine and assess the implementation of U.S. sanctions against South Africa:

-- to determine the degree to which the regulations issued by the Executive Branch of the U.S. Government accurately implement the statutory language and the intent of Congress;
-- to provide a comparative analysis of the implementation of sanctions against South Africa with the implementation of similar U.S. sanctions against other countries; and
-- to suggest what useful refinements to the conception and drafting of the statutory provisions are needed to close loopholes in the Act.

Although the sanctions imposed in the Act are similar to U.S. sanctions against other countries, they are considerably more limited in their scope and application. U.S. sanctions against South Africa are not comprehensive in nature; they are selective, often skirting the key pressure points in the South African economy.

Their impact on South Africa, to date, therefore also has been limited. Sanctions, however, are a medium to long range strategy. Current assessments of the impact of U.S. sanctions on South African cannot adequately calculate what may be their long-term corrosive effect.

The legislative process leading to passage of the Act was erratic. As a result, there are significant inconsistencies and imprecision in the statutory language and, with respect to certain provisions, the legislative history alone is not sufficient to guide proper interpretation of the provision. The pressure to override the President's veto led to a decision to forego a Senate-House conference on the final version of the Bill, which might have resolved some of the problems and given additional guidance on statutory interpretation.

Additionally, the Act represents the first substantial Congressional sanctions against any country in recent history. Other U.S. sanctions have been imposed by Executive Order. The experience under the Act teaches that when there is a fundamental divergence of views between the President and Congress with respect to the necessity or nature of sanctions, the statutory provisions must be drafted with precision to guarantee that Congressional intent is fulfilled.

After passage of the Act, its implementation was entrusted to an Administration which publicly and vehemently opposed sanctions against South Africa. This generated understandable concern among members of Congress and Americans supporting sanctions against South Africa that Congressional intent with respect to the sanctions would receive less than full and faithful implementation. Our in-depth assessment of Executive agency action has shown that, in part, this concern has been realized. With regard to some of the sanctions, little or no issue can be taken with the Executive Branch implementation of the statutory language and Congressional intent. With respect to other provisions, however, significant problems have arisen that call into question the Administration's faithful adherence to the letter and the spirit of the Act and reveal differences that are hard to reconcile between the manner in which certain sanctions against South Africa are interpreted and the manner in which similar sanctions against other countries have been interpreted.

For example, as described in this Report, the decision by the Department of Treasury and the Nuclear Regulatory Commission to allow large quantities of South African and Namibian uranium to continue to be imported into the United States in spite of the Congressional embargo is indefensible. Additionally, the Commerce Department's exclusive reliance on a list of short supply products as a proxy for the Act's prohibition on the export of refined petroleum products is entirely without justification, a striking example of administrative lawmaking in contravention of Congress' direction. And, the Treasury Department has construed certain of the limitations on financial transactions so as to permit transactions that should have been barred under the Act, such as the transaction structured by the

Ford Motor Company to withdraw from South Africa. In that case, the failure of the Department of Treasury to accurately construe the Act's ban on new investment in South Africa resulted in an otherwise impermissible infusion of $61 million into the South African economy.

Most troubling has been the Administration's refusal to seek a coordinated strategy with other industrialized countries with respect to sanctions in accordance with the spirit of the Act and the "Sense of Congress" expressed in Section 401 of the Act. Perhaps of all of the issues arising with respect to implementation of the Act, this failure may have created the greatest limitation on the potential impact of the sanctions.

We conclude that action is warranted on three levels: the Executive Branch agencies must improve implementation of the sanctions through tighter regulations; Congress must take legislative initiatives to close those loopholes that were unintentional and Congress must also grapple with the reality that selective sanctions invite misinterpretations and evasions. Effective implementation is most easily achieved with comprehensive multilateral sanctions.

In light of the above, we summarize below our recommendations for addressing the most glaring loopholes that have limited the Act's impact over the last 18 months whether the problem arises from the drafting or conception of the statutory provisions or from agency regulations.

A. Import and Export Restrictions

1. The ban on imports of South African products should be made comprehensive. The parastatal/non-parastatal distinction should be deleted. Because of the extent of the interrelationships between Government and private enterprise in South Africa, the goal of pressuring the South African Government is not accomplished by limiting the import ban to products of organizations "owned, controlled or subsidized" by the Government. The only realistic way to affect the South African Government, taking into consideration its relationship to private industry, is to ban all imports from South Africa.

In addition to being flawed in concept, the parastatal/non-parastatal distinction as to imports is administratively unworkable. Further, a comprehensive ban on South African imports would reduce significantly the possibility of deliberate circumvention and avoid the misapplication of doctrines like substantial transformation.

2. If, rather than a comprehensive import ban, Congress chooses to prohibit the importation of only selective commodities:

a) The prohibition should apply to commodities identified specifically on an item-by-item basis.

b) The statutory language describing the embargoed commodities must be all-inclusive; e.g., any and all forms of uranium for any purpose or end-use, domestic or foreign; steel and all steel products; iron and all ferroalloys, etc.

3. With respect to strategic minerals:

   a) The State Department should eliminate consideration of the impact of a mineral's effect on U.S. competitiveness when certifying minerals as strategic. There is no basis in the statutory language for the inclusion of this criterion.

   b) Congress should appropriate the necessary assistance to the majority-ruled States neighboring South Africa to improve their transportation lines and eliminate their reliance on South African transport links. Strategic minerals from these countries could then be relied on to lessen the U.S. dependence on South Africa.

   c) The Bureau of Mines should continue to coordinate research efforts to develop alternative sources, substitutes and recycling methods for strategic minerals.

4. There should be a complete ban on the export of U.S. computers and computer technology to South Africa. Barring a total ban, enforcement of the end-user certification requirement through pre- and post-shipment inspection should be strengthened.

5. The ban on export of crude oil and refined petroleum products should be tightened by:

   a) requiring the Commerce Department to develop a list of "refined petroleum products" that is all-inclusive and that is not based on availability of supply in the U.S.;

   b) including "petro-chemicals" in the prohibition on petroleum-based products; and

   c) codifying the definition of "persons subject to the jurisdiction of the United States" to cover all transactions requiring approval by a U.S. national, including foreign affiliates of U.S. corporations and U.S. affiliates of foreign corporations.

6. The Office of the U.S. Trade Representative should be given a broader role to play in the enforcement of trade sanctions against South Africa.

7. More funds and authority should be appropriated to the U.S. Customs Service to improve its enforcement of the trade restrictions in the Act.

B. Financial Restrictions

1. The statutory definition of "nationals of the U.S." should be amended to include foreign-based subsidiaries of U.S. financial institutions, as well as U.S.-based subsidiaries of foreign financial institutions.

2. The statute should be modified to prohibit any acquisition of South African Government securities by United States nationals, even in the secondary market. Existing holders should be allowed to continue to hold onto, or to sell, such securities but not to acquire them.

3. The exception for loans to the South African Government for housing, educational or humanitarian purposes should be eliminated.

4. The statute should mandate the imposition of retaliatory sanctions on third countries which act as a conduit for loans to the South African Government. Currently, under Section 402 of the Act, such retaliatory measures are within the discretion of the President.

5. Regarding the prohibition against the holding by United States nationals of South African Government deposit accounts:

a) A more specific articulation of what constitutes "diplomatic and consular purposes" should be set out. Alternatively, notices of specific licenses granted under this exception should be made public.

b) As with Executive Branch sanctions imposed on other countries, there should be a ban on the holding of deposit accounts of South African nationals by U.S. financial institutions, including the Federal Reserve Board.

c) Section 308 should be amended to override Treasury's limitation of U.S. financial institutions covered by the ban to only U.S.-based depository institutions. Foreign branches of U.S. depository institutions should be included in the scope of the ban. This would be consistent with the definition of "national of the U.S." which applies to the statute's prohibition on new investments.

6. Short-term credit financing should be included in the statute's ban on new investments.

7. The exception to the ban on new investments for replacement of capital necessary to "operate in a sound economic manner" should be eliminated. Insurance should be relied upon to address the loss caused by catastrophic events. At the very least, statutory or regulatory language should be added which clearly limits this exception to situations in which natural disasters have occurred.

8. With respect to the prohibition on new investments, Congress should delete the exemption for investments in firms owned by black South Africans.

C. Enforcement Provisions

1. Congress should amend Section 402 of the Act to require annual reports by the President to Congress detailing the relations with South Africa of other industrialized nations and of individual multinational corporations headquartered within those countries. Each report should include an assessment of the impact on those nations and those companies of U.S. actions relating to South Africa, including both multilateral measures under Section 401 and actions under Section 402.

2. With respect to the private right of action authorized in Section 403, Congress should eliminate the requirement that a private plaintiff must prove that the defendant acted with "deliberate intent to injure" the plaintiff. In addition, Congress should provide for treble damages awards and recovery of attorneys' fees to a U.S. enterprise that successfully sues a foreign company for taking advantage of its withdrawal from South Africa pursuant to the requirements of the Act.

3. In view of the significance of private licenses in the enforcement of the Act's ban on financial transactions with South Africa, Treasury should be required to publish at periodic intervals information as to requests for specific licenses. Such information should include the nature and type of requests; a list of approvals or denials and the reasons for such determinations; the durations of licenses granted and other relevant information.

4. The currently inflexible $50,000 civil penalty should be amended to be "a civil penalty of up to $50,000."

D. Additional Recommendations

In this Report our focus is primarily on implementation of those sanctions imposed by Congress under the 1986 Act. Our recommendations above suggest refinements in the conception and drafting of statutory provisions and in agency regulations in order to close unintended loopholes. Our close examination of the current statutory and regulatory scheme imposing sanctions against South Africa, however, has led us to conclude that, in addition to the recommendations stated above, at a minimum, the statute should be amended to include the following new or additional sanctions:

1. Congress should include a ban on the export to South Africa of capital goods such as industrial machinery. Restrictions on South Africa's access to capital goods would have significant impact on its economy; and this could be accomplished at a relatively small cost to the U.S. economy.

2. If Congress does not impose a requirement that all U.S. corporations withdraw from South Africa, then it should address explicitly the permissible terms on which voluntary withdrawal may be achieved. One of the guiding principles should be to limit the degree to which American technology continues to flow into South Africa from the U.S. entity even after with-

drawal. To that end, Congress should make the following amendments to the Act:

a) licensing agreements which permit access to the U.S. parent's manufacturing processes, technology, equipment, spare parts, etc. after the date of sale, should be prohibited; and

b) agreements which permit the withdrawing entity to provide future management, support or assistance of any kind to the remaining entity should be prohibited.

WILSON & WILSON

TESTIMONY OF
ROBERT DALE WILSON
BEFORE THE
FOREIGN RELATIONS COMMITTEE
UNITED STATES SENATE
UNITED STATES CONGRESS
JUNE 24, 1988

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Good afternoon Mr. Chairman, members and staff of the Committee. My name is Robert Dale Wilson. I am a partner in the governmental relations firm of Wilson & Wilson, located in Washington. I also publish a newsletter on national material policy.

Until two weeks ago, I served as Executive Director of the National Critical Materials Council, a part of the Executive Office of the President and, prior to that, as Director of Strategic Resources at the US Department of Commerce.

I am pleased to present testimony today on the subject of critical materials from the Republic of South Africa.

During the recent debate on South Africa, scant attention has been given by our government on that country's mineral resources and their importance to the free world.

In May of 1985, I concluded a joint field trip to South Africa with the US War College. The purpose was to review the mineral industries of South Africa and their importance to the functioning of the US economy.

Some of the key findings were as follows:

"--South Africa possesses the greatest concentration of strategic and critical materials and minerals existing in the western world. Its mining industry has developed a world-class technical capability.

--The maintenance of free market access to manganese, vanadium, chromium, platinum metals, gold, ferroalloys and cobalt produced in and/or shipped through South Africa is vital for the US defense and for industrial preparedness in the event of a national emergency.

--In contrast to the USSR, which is virtually self-sufficient in strategic and critical minerals and materials, the US and its allies must confront an increasingly complex and vulnerable system of production and distribution."

ALTERNATIVE SUPPLIES ARE FROM THE SOVIET UNION AND ITS ALLIES

There are several important mineral commodities for which the Soviet Union and its allies are the only principle world producers other than South Africa and neighboring African countries. These minerals include the platinum group metals, manganese, chromium, vanadium and cobalt.

It is important to note that the total known reserve base for these metals is largely concentrated in two regions: either the Soviet Union or the Republic of South Africa.

For example:

PGM: USSR - 9% RSA - 90%
MN : 21% 71%
CR : 2% 84%

V :	25%	47%
CO :	3%	32%*

RECENT IMPORT DEVELOPMENTS

Since the passage of the Comprehensive Anti-Apartheid Act of 1986 the situation with regard to mineral dependence has changed significantly.

In the 15 months following passage of the Act, a number of imports from the CMEA (Council of Mutual Economic Assistance, commonly known as the Soviet allies), have increased over their average imports during a baseline period of 1981 through 1985. These facts are provided by the Department of Commerce, which was mandated to submit this analysis by the 1986 Act.

The most significant increases in US dependence have been in the following areas:

Chrome Ore - 500% increase from the Soviet Union
Ferrosilicon - 500% increase from the Soviet Union
Antimony - 5,000% increase from the Soviet Union
Rhodium - 400% increase from the Soviet Union

The reasons for these increases are not clear at this time. However, there is clear evidence that the US dependence on the Soviet Union and its allies began at precisely the point in time of passage of the last sanctions act.

While the final analysis are not yet completed, it appears that there has been a "chilling effect" on trade with the Republic of South Africa since passage of the 1986 Act. Frankly, metal traders have told me they feel more secure in dealing with the Soviet Union in the current environment of media sensationalism and emotionalism that surrounds the South African issue. They have told me that they are afraid to voice their concerns for fear of a "public relations backlash."

There is additional evidence that sanctions are costly. Most recently the US Bureau of Mines released a study that shows a decision to embargo imports of South African strategic and critical minerals would directly cost the United States an estimated $1.85 billion per year. That study was done at the request of the Department of State to help the President and Congress determine the true cost of a national embargo of such minerals.

This figure of almost $2 billion does not include multipliers, therefore the damage to the US economy would be several times that amount.

In addition, the US Department of Commerce estimates that 3.2 million US jobs might be at stake should a total cutoff of metals occur for some reason.

All of this occurs at a time when the Office of Management and Budget plans to sell the entire inventory of some of these metals from the National Defense Stockpile.

CONCLUSION

In my seven years of advising the US government in the mineral and advanced material policy area I have had the opportunity to discuss these issues with the most knowledgeable experts in the world, many who served this nation during times of shortages in World War II. My opinions are based on that experience.

The issue of strategic metals from South Africa is a complex one. For some applications of some metals there will be substitutes or alternative sources of supply. However, for some applications of some metals, there are no substitutes or alternative sources of supply - except the USSR and its allies, which can hardly be considered reliable - even with glasnost.

Responsible leaders must make sure that these metals do not become the sudden captives of a hostile government or the subject of embargoes or sanctions. These metals are absolutely essential to the interests of the United States, its citizens and its allies.

Of particular importance is the recent trend of increasing dependence on the Soviets. Obviously, Congress did not intend that result to occur when it passed the Comprehensive Anti-Apartheid Act. Yet the increased dependence began occurring at precisely that point in time.

It is a sad state of affairs when the industrial community is afraid to speak out against the rampant emotionalism of the South African debate - even when millions of US jobs may be at stake.

Some people have told me that we must not mention our dependence on South Africa for metals, because I quote "discussing metal dependence might make our foreign policy appear to be in our own self-interest." How dangerous.

Congress needs to remember that Oliver Tambo, president of the African National Congress, and Desmond Tutu, have stated, and I quote from the October 13, 1987 Washington Post, "Washington could be punished under black rule," and that a new government in South Africa might withhold metals from the United States.

To my knowledge, the South Africans have never threatened to withhold metals from the United States and her industries. However, I believe it is folly to expect them to sit idly while Congress passes a trade sanctions bill that would exclude all trade except for those items we urgently need. A disruption of metals would make us totally dependent on the USSR for several key metals essential to the national defense infrastructure.

We cannot allow that to happen.

In addition, recent reports from the Commerce and Interior Departments show a huge loss of jobs and resulting loss of income to American citizens should those metals not be forthcoming from South Africa.

Coming at a time when the Office of Management and Budget plans to dispose of the total inventories of some of these metals from the National Defense Stockpile, it would appear that clearly, something has to be reconsidered.

I look forward to answering any questions you might have.

Thank you.

WILSON & WILSON

BIOGRAPHY

ROBERT DALE WILSON

Robert Dale Wilson is a partner of Wilson & Wilson, an organization specializing in legislative lobbying, government relations and political economic strategies for the mineral and advanced material industries. He is also publisher of THE WILSON REPORTS, newsletters covering the mineral and material policy issues from a national perspective.

Mr. Wilson formerly served in the Executive Office of the President as Executive Director of the National Critical Materials Council and, prior to that, as Director of Strategic Resources for the United States Department of Commerce.

During his seven years as policy advisor to the United States government, Mr. Wilson served as a key specialist on mining and advanced material policy issues, advising both the Secretaries of Interior and Commerce, as well as senior White House and Congressional leaders. His responsibilities included working closely with industry and key congressional committees on trade, tax, environmental, research and development, foreign policy and other issues related to the industry.

Prior to his involvement with the White House, Mr. Wilson was a partner in a South Carolina law firm. He is a member of the District of Columbia and South Carolina Bar Associations.

He is a native of Kentucky and South Carolina. He received his Bachelors(political science, magna cum laude) and Juris Doctorate Degrees from the University of South Carolina. He is a member of Phi Beta Kappa.

He is married to Sharon Cockayne Wilson, formerly associate staff director of the Mining subcommittee of the United States House of Representatives and now policy advisor to the American Petroleum Institute in Washington.

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STATEMENT OF SENATOR PAUL SIMON

CHAIRMAN, SUBCOMMITTEE ON AFRICAN AFFAIRS

SENATE FOREIGN RELATIONS COMMITTEE

HEARINGS ON U.S. POLICY OPTIONS TOWARD SOUTH AFRICA

JUNE 22, 1988

Today we are here to discuss U.S. policy options toward South Africa.

Congress began a process of building pressure for fundamental change in South Africa when it enacted the Comprehensive Anti-Apartheid Act of 1986 over a Presidential veto. We have taken the initial steps and must now continue to strengthen our policy against apartheid. We cannot expect sanctions to work overnight. The Anti-Apartheid Act explictly anticipated that sanctions would be strengthened if significant progress was made in ending apartheid and establishing a non-racial democracy.

The sanctions we have put in place have helped to restore our credibility and reputation for concern for justice among blacks

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and others in the anti-apartheid movement within South Africa. Similarly, among the front-line states, and in the minds of black African nations, we have renewed our commitment to take meaningful steps for peaceful change.

What we are doing, in advocating sanctions and in pressing toward the enactment of comprehensive sanctions, is building a meaningful and unwavering partnership with the people of South Africa to bring about peaceful change as rapidly as possible.

Without pressure, the South African government has shown its unwillingness to pursue conscious, deliberate efforts to negotiate fundamental change. Because of its actions, the government has made the situation even more polarized, the options for success more distant and violent protest more probable.

The United States has a strong interest in pressuring for negotiations. Negotiations are critical for a peaceful solution. The political leadership, as well as religious and union leaderships, want negotiations, not violence. Yet, the South African government has jailed the moderate leadership, while the younger community activists are becoming more radical and impatient.

If there is a time to press hard, it is now. The split in Afrikaanerdom, in the white Dutch Reformed Church, and the unprecedented Dakar visit by Afrikaaners to meet with ANC leaders are positive developments that should urge the government toward negotiations. We need to convince those holding official power in South Africa that it is in their interest to negotiate with the moderates while that is still possible.

Our sanctions support the movement for peaceful change. They are not the source of it. The internal pressure for change in South Africa is growing and the government is responding in an increasingly repressive manner. In spite of the press restrictions, the banning of anti-apartheid organizations, the restrictions on trade unions, the renewal of the State of Emergency, the initimidation of the religious community, the detentions, the resistance in South Africa has survived and is growing. The harder they press and tighten the screws, the more solid the resolve of the people. That central fact should not be lost on us.

Do blacks in South Africa want justice? The answer is a clear and thundering YES. They have been jailed, intimidated, and killed in their fight against apartheid.

And if there is anything that we can look to in South Africa to guide us on sanctions it is the recent "stay-away." The 3-day "stay-away" is one of the clearest signs of the determination and resolve of black South Africans to exert the pressure and take risks for change in South Africa. For the first time in 27 years, and under extreme pressures, an estimated one to over two million people stayed away from their jobs, and at an estimated cost of $250 million to the South African economy.

These people stayed home, in spite of a sharply hostile climate, a period of protracted repression, severe restrictions on unions and politically active organizations, regulations prohibiting organizations from calling for the stay-away, and threats of harsh action from the government and employers.

The General Secretary of the Congress of South African Trade Unions, Jay Naidoo, said, "The state's recent actions are not only aimed at the labor movement but at the whole progressive and democratic movement in our country."

And Marc Swilling, a political scientist at the University of Witwatersrand, was quoted as saying, "Politics in South Africa are no longer about an activist elite converging around a honeypot of militant action. Underlying layers of the community have clearly been drawn into structures of resistance and this has clearly led to the widespread politicisation of sectors beyond organised workers and militant youth. . . . The State of Emergency is capable of taking out the organisational underpinnings of this movement but it is going to be unable to eliminate the political consciousness of the people in a short space of time."

Effectiveness of sanctions becomes a measure of how faithfully they are implemented, how carefully and precisely they are drafted to avoid misinterpretation, and how successfully we encourage joint action by Western industrial nations and other countries in a consensus approach.

This Administration has clearly expressed its opposition to sanctions and has failed to offer a meaningful alternative. Where the law has been imprecise, and even in some circumstances where the legislative intent has been clear, the Administration has chosen narrow interpretations and created loopholes.

Even more troubling is the Administration's blatant disregard for our policy in the United Nations. This Administration has chosen to undermine sanctions by vetoing our own sanctions proposals at the United Nations. With the power of a veto, the Administration has effectively nullified the international impact of our sanctions, and undermined their direct effect on South Africa.

We have missed an important opportunity to demonstrate that we are serious about pressuring the South African government, that we seek maximum effectiveness through a multilateral consensus on sanctions and other measures, and that we are willing to provide the leadership in moving beyond the status quo approach to South Africa.

We could do a great deal, even if the consensus were gained on a single issue. For instance, on the question of South African coal exports, the Commerce Department estimates that last year South Africa exported $1.5 billion worth of coal, a total of 40 million tons. Of that, approximately 28 million tons went to Japan, Italy, Spain, West Germany, Belgium, the Netherlands, France, and the United Kingdom.

We should be encouraging these countries to ban the import of South African coal. In the case of Japan, which has replaced us as South Africa's number one trading partner and is the largest importer of South African coal, only about 8 percent of Japanese coal imports come from South Africa. Collectively, the Pacific Rim countries purchase nearly one third of the total volume of thermal coal exported by South Africa. They can find alternative sources of coal. In addition, as the Economist points out in its recent study on South Africa (Sanctions and South Africa, by Merle Lipton), a complete multilateral ban on imports of South African coal would benefit South Africa's competitors in the world coal market, including the United States.

There are those who say we have made the situation worse by enacting sanctions. They say the government is cracking down more, that in white politics the opposition finds itself to the right, not the left, and that blacks are suffering the most by our withdrawing the benefits and opportunities we have provided through our corporate presence.

It is time to face the fact that apartheid will go. The only question is whether it will go peacefully or violently. We must not reject opportunities to support peaceful change in every way we can. We should be acting more vigorously at home to enact comprehensive sanctions, and abroad to encourage and (if necessary) pressure our friends in the international community to do more.

We had a witness here just a few weeks ago, Reverend Walter Dennis, Bishop Suffragan of the Episcopal church who said that he was brought up in segregated schools. He remembered when, after the landmark Brown v. Board of Education decision, many people said you are moving too fast, black teachers will lose their jobs. He added "there will be some dislocation in social change." That is inevitable.

And Bishop Chilstrom of the Evangelical Lutheran Church in America said, "It may surprise you to know that until very recently, I was reluctant to support sanctions in South Africa. I think it was because of my strong hope that what you have expressed today might, in fact, be the case, that some other means might be found for helping people in South Africa and Namibia. What I discovered, however, was that the people themselves are pleading for us do to this very thing.

"They cannot understand how a nation, born in revolution because we wanted to determine our own future, does not support them when they cry out for this kind of help.

"So I would plead with you and your colleagues to act positively when this bill comes."

And we have seen over the past year the way in which the South African government has tightened its hold on power by cutting off practically every means of peaceful protest against apartheid. It has embarked on a series of moves to silence all democratic and peaceful organized opposition.

Just this past February, the government effectively banned 17 anti-apartheid organizations, including the umbrella organization the United Democratic Front. It also restricted COSATU to "non-union" activities, thereby trying to emasculate one of the most powerful political opposition forces in South Africa.

In its ongoing campaign to silence the emerging press, the government has attempted to silence investigative journalism. The emerging press has courageously reported on developments inside South Africa, and partcularly on what is taking place among the majority of the people, which, to a large extent, have not been reported by the foreign press in South Africa. One editor described one of these publications as, "a barometer to check the mood of the country. . . . It gives the people a platform to cough out fire from their chests."

Just within the past few days, the government has issued a regulation prohibiting freelance journalists from working for more than one media organization. This means that many newspapers, including foreign press and local press such as the Weekly Mail, will be seriously affected. These regulations allow the government to shut down these publications indirectly.

And the church, which has taken on much of the leadership of public protest, has been intimidated and its leaders detained.

Our relationship with South Africa should not be one of expedience or convenience. It does not come without special burdens and responsibilities for us. At the core is the pressing questino of principle and conviction, of our commitment to and genuine belief in individual rights, equality and democratic institutions.

At a minimum, we must tighten the loopholes in the current Act. We must vigorously advocate our position in the international community, in the United Nations, in allied summits, in our bilateral relationships with industrial nations.

Comprehensive sanctions are the most meaningful option available to us. I strongly endorse the legislation introduced by Senator Cranston and the more recent bill introduced by Senator Kennedy to implement comprehensive sanctions.

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Testimony

of

Senator Jesse Helms (R-N.C.)

before the

Committee on Foreign Relations

United States Senate

regarding

Policy Options for Southern Africa

June 22, 1988

Mr. Chairman, I deeply appreciate your courtesy in affording me the opportunity to testify, as a witness, as to my reasons for introducing and for urging favorable committee action on S1658, a bill to repeal the Comprehensive Anti-Apartheid Act of 1986.

The primary reason for my belief that the so-called Anti-Apartheid Act should be repealed is that its practical effects in South Africa have reduced rather than enhanced the prospects for expansion of political participation by non-whites in that country.

First, the Committee should note that, at the time of the passage of sanctions against South Africa, the Apartheid system had in fact already been virtually dismantled. The most critical exceptions were the Group Areas Act and the even more significant issue of political participation and suffrage for blacks. Since sanctions, South Africa has made some progress toward greater political participation and toward relaxation of the Group Areas Act, but progress has noticeably slowed as a result of the 1986 sanctions.

In August of last year I made an independent visit to South Africa---at no expense to the taxpayer, I might add---for the purpose of assessing the effects of sanctions on the various economic and racial groupings. I met with leaders from the broad spectrum of South African society including South Africans of Indian, Malay, Colored, Afrikaans, black, Pakistani, and English descent. I also met with many average individuals working in agricultural, industrial, and service industries.

Virtually everyone with whom I spoke, from all of these various stations and conditions of life, saw sanctions as harmful to political progress and to their own personal interest. I found not one person who saw the 1986 sanctions as helpful.

Although the reasons were expressed in a variety of ways reflecting a variety of viewpoints, the underlying message was clear and consistent: that true political progress in South Africa, as in any country , is directly dependent upon economic progress and that sanctions, by retarding economic progress, were thereby retarding political gains.

All true democracies that exist now or have ever existed have one common denominator--that is that the participants in the democracy in varying degrees must have a significant economic stake in the society and indeed have thereby the economic leverage to secure and maintain political rights.

Sanctions imposed by the United States have fallen most heavily on those groups with the least economic strength and have therefore darkened, rather than increased, their hopes for greater political rights and participation.

If the purpose of sanctions is to assist in securing greater political rights for the non-white groups of South Africa, then sanctions have not only failed but have as well, actively impeded efforts to reach that goal. If sanctions, on the other hand, were intended by their proponents to radicalize the South African political process, then an argument can be made that they are succeeding by exacerbating the economic disadvantages of millions of non-whites.

In other words, if Congress intended sanctions to help bring about a paper constitution proclaiming universal political rights but accompanied by the real power of a Soviet-model military dictatorship, then that outcome is indeed being made more likely.

I do not believe that the majority in Congress who voted for sanctions in 1986 had that intention. Nor do I believe that they sought to enhance intransigence within the white political framework, yet that has been the clear result.

The economics of virtually the entire balance of the African continent is beholden to various forms of military dictatorship---often Soviet dominated or heavily influenced. South Africa, because of its economic and industrial might and potential, is one of the very few countries in Africa in which significant political freedoms exist at all. And more importantly, it is one of the very few countries where there is true potential for the expansion of political freedom. For that reason alone, Congress was clearly mistaken in striking at the very foundation for political freedom while proclaiming a contrary intent.

Yet South Africa, while facing its own internal problems and ill-advised efforts to curtail its economic growth, is also literally on the front line against Soviet imperialism.

Black, non-white, and white soldiers of the South African Defense Force are literally in daily combat with modern Soviet surrogate forces, chiefly the Cuban and Angolan armies, while also simultaneously combating terrorist and guerilla attacks from the Soviet-controlled African National Congress and the South West African Peoples Organization or SWAPO.

Since 1975, the Soviet Union has poured more than $4 billion dollars (US) in modern military weaponry into Angola. In 1987 alone, Angola received over $1 billion (US) in preparation of their failed fall offense codenamed SECOND CONGRESS.

Today Angola is one of the most heavily armed nations in the world. According to Jane's Defense Weekly, in the Southern region of Angola, Cuban troops total one quarter of the 54,000 Cuban land force.

This force in Southern Angola includes an armored division of over 400 T-55 and T-62 tanks, six rifle regiments of between 1,500 and 2,000 troops, and an artillery regiment with 122mm D-30 guns, 122mm BM-21 and 240mm BM-24 mobile multiple rocket launchers.

There is also an air defense regiment with SA-2, SA-3, SA-6, SA-8 and SA-13 anti-aircraft missiles and ZSU-23-4 anti-aircraft guns supported by a multitude of radar support systems, including the Soviet Flatface, Spoonrest and Barlock systems.

Furthermore, the Cuban troops are themselves supported by three composite battalions of Cuban/SWAPO troops. The Communists have also enlarged a supporting airfield from 1,875 meters to 2,400 meters in length in order to handle advance Soviet jet aircraft.

It is important to understand that these are just the Communist troops and equipment on the Southern border of Angola. There are additionally over 2,500 Soviet military advisors in Angola, and the billion dollar per year arms shipments from the Soviets, a precedent started last year-- under "Glasnost" and Gorbachev-- has complemented the additional deployment of 14,000 Cuban troops to Angola at the beginning of this year.

Against this background, the Committee must recognize that, like it or not, South Africans of all races are on the firing line in defense not only of their own country, but also of South West Africa--- and indeed the West generally. South Africa is in a struggle against external military operations directed by the Soviet Union. These military actions by South Africans have preserved American access to essential strategic minerals and to free passage of the Cape of Good Hope. And these actions have been costly in economic terms and in terms of human sacrifice and suffering.

It is understandable then, why virtually all South Africans engaged in this sacrifice, from which we benefit, so deeply resent the pious actions of the U.S. in beginning economic warfare against their country.

Moreover, Mr. Chairman, I believe that it is entirely unrealistic for Americans to expect major political change in a society facing an external threat of the magnitude posed by the military might of the Soviet Union and its surrogate forces. Countries fighting wars of any type, but especially those for survival, rarely reform their institutions in the midst of battle. It follows therefore, that rather than seeking to destroy the South African economy, the United States should seek to assist in removing external Soviet military pressures- pressures which inevitably detract from internal political progress.

Accordingly, in my judgment, the Administration should use every possible means to achieve a government of national reconciliation in Angola, fully reflecting the broad popular support and strengths of the pro-Western forces of UNITA and with the total removal of all non-African troops, whether Soviet, East German, or Cuban, from Angola. Were that policy objective achieved the objectives of U.N. Resolution 435 concerning South West Africa could easily be realized.

In conclusion, I believe that the majority in Congress who unwisely imposed sanctions on South Africa should now have have the wisdom, on reflection, to acknowledge that the purported goals were not served but were instead made more distant. If Congress does indeed wish to see true political rights advanced in Southern Africa then Congress should desist from efforts to destroy the economic fabric from which political rights derive. It should instead admit a serious mistake and promptly repeal South African Sanctions by enacting S1658.

from the office of

Senator Edward M. Kennedy

of Massachusetts

TESTIMONY OF
SENATOR EDWARD M. KENNEDY
SENATE FOREIGN RELATIONS COMMITTEE
JUNE 22, 1988

This hearing today is another chapter in one of the most profound congressional debates about American foreign policy in the history of our nation. The issue is whether the United States will continue to provide economic support for apartheid in South Africa -- or whether we will now, at long last, end our commercial ties to that abhorrent system. We are being tested -- today and in the coming months -- and the outcome of that test will surely be seen as a measure of this country's commitment to our own most fundamental values.

The issue is not new. Congress debated U.S. policy towards South Africa in 1984 and 1985 -- and again in 1986. Out of those deliberations came strong and principled American action against apartheid for the first time in the forty-year history of that evil system.

But more is required of us now.

In 1986, when it enacted the Comprehensive Anti-Apartheid Act, Congress made a promise. Section 501(a) of that law states: "It shall be the policy of the United States to impose additional measures against the Government of South Africa if substantial progress has not been made within twelve months of the date of enactment of this Act in ending the system of apartheid and establishing a nonracial democracy." That promise was a commitment to the American people as much as it was to the victims of racism and oppression in South Africa.

Senator Weicker and I are here today to urge the members of this Committee to make good on that promise.

The promise that we made in 1986 is consistent with the recommendation that the President's own Advisory Committee made three months later in January 1987:

"If Pretoria remains intransigent, the international community (will) have to address the adoption of additional diplomatic and economic steps. These might include a comprehensive multilateral trade embargo . . ."

Since then, there has been no progress in ending apartheid. Pretoria has not only been intransigent, it has thumbed its nose at those who speak for human rights. As President Reagan himself recognized in his report to the Congress eight months ago, "None of the goals outlined in (the Act) have been fulfilled."

There are those who argue that the even mild sanctions in place today should be removed, because they have been ineffective. But it is absurd to reward Pretoria's policy of increased repression in 1987 and 1988 by lifting the sanctions we imposed in 1986. That is a counsel of weakness and defeat, not the strong and confident course of an America speaking for freedom and human rights throughout the world. Retreat now would break faith with our own people, with the people of South Africa, and with all who care about justice throughout the earth.

In fact, the situation in South Africa today is worse than ever, and it is not because of anything the United States has done and said in support of freedom in that country. Long before Congress decided on sanctions, South Africa made its own decision -- to arrest, detain, beat, torture, shoot and frequently kill anyone who dared to work to end apartheid. South Africa chose the path of most resistance -- resistance to change, resistance to justice, resistance to freedom for its people.

To those who blame American sanctions for the wave of violence that has swept over South Africa since 1986, to those who argue that sanctions were counterproductive, I say: do not re-write the history of those times. Congress enacted that law in 1986 in response to the violence and brutality already being used by the apartheid authorities. That legislation became law because of the massacre at Langa, because of the forced removals and the police attacks on Crossroads, because of the brutality of the military occupation in the black townships of the Vaal Triangle, because of the cross-border raids and assassinations in Zimbabwe and Botswana.

Since 1986, the policy of repression has continued and intensified. As the President's own report to Congress stated last October, "Blacks in South Africa face increased repression, harassment and -- even in the case of a significant number of minors -- imprisonment. Press censorship has been intensified, and illegal cross border raids by South African security forces into neighboring countries have resulted in the loss of innocent lives."

And then, last February, the South African government tightened the screws even more when it effectively banned eighteen organizations and restricted the activities of seventeen individuals.

Our government's reaction to South Africa's reign of terror has been inadequate. Rather than taking steps to increase the cost of Pretoria's recalcitrance, the United States has rewarded it. Rather than imposing new sanctions to respond to South Africa's new repressive measures, the United States has protected apartheid by vetoing the Security Counsel's resolution calling for mandatory economic sanctions -- just one month after the brutal crack-down last February. That action was totally inconsistent with the spirit and letter of the Comprehensive Anti-Apartheid Act.

But more than that, the U.N. veto in 1988 undermined much of what had been accomplished by Congress over the President's veto in 1986. Congress could override one veto, but could do nothing about the other.

It is one thing to argue -- as we do here today -- that Congress should impose additional sanctions. It is another to say -- as we also do here today -- that the time has come for the United States to impose a comprehensive trade embargo and require American business to withdraw completely from South Africa. This is the heart of the legislation that we have introduced and that we urge you now to adopt.

Whatever Congress chooses to do in shaping U.S. policy towards South Africa, we should be guided by two basic principles: first, our policy should be consistent with our nation's own moral values; and second, our policy should be effective. What we do should make a difference; it should help the anti-apartheid cause, not hurt it. Without the first, no policy can be sustained over time because the American people will not support it. Without the second, our policy cannot succeed.

The legislation that we introduced on May 12, 1988 is based on this fundamental indisputable premise -- so long as the United States remains economically involved with South Africa -- either through our trading and lending relationships or through American investment inside South Africa -- America is supporting apartheid.

So long as American commerce continues with South Africa, we live in a partnership with apartheid. Every time American consumers buy South African products, they give dollars to apartheid. Every time an American business sells a product to South Africa, it props up the apartheid system. Every time an American bank extends credit to South Africa, we help to finance apartheid. And every additional day that an American company operates inside South Africa, America profits from apartheid and pays taxes to terrorists. The moral basis for cutting off our economic relations with South Africa is clear and unequivocal.

There is also clear legal precedent for taking this action against South Africa. To cite just one example, in 1986 the United States cut off all trade with Libya -- and forced U.S. businesses to disinvest assets from that country. It was clear that the Libyan government supported international terrorism -- as South Africa does today. Libya had sent hit squads to assassinate political opponents living in exile in other countries -- as South Africa has done. Libya was threatening neighboring states and destabilizing other governments in the region -- as South Africa has been doing for almost a decade. Surely, the strong trade embargo that the U.S. imposed against Libya -- and Cuba and North Korea and Syria and Nicaragua -- is equally justified against South Africa.

But will a trade embargo work? Will mandatory disinvestment of U.S. assets in South Africa hasten the day when apartheid will end?

There are, of course, no guarantees, and the path will not be quick or easy. But we can say this:

U.S. influence inside South Africa is limited. Even at the height of their efforts, U.S. corporations inside South Africa could not end apartheid -- and Reverend Leon Sullivan has now called for them to leave. Forty years of "constructive engagement" worked no better.

Ultimately the crisis can only be resolved by South Africans inside South Africa. But U.S. influence from outside South Africa can help. By cutting off trade, by banning new loans, by pulling U.S. business out, by seeking to persuade other countries to join us in this effort, we can increase the cost of apartheid.

82 percent of South Africa's trade is with six countries, including the United States. 46 percent of South Africa's foreign debt is held by four countries, including the United States. If we will only work together to apply the squeeze, the apartheid regime will surely feel the pinch.

There are those who say that the road to freedom in South Africa is through economic growth. But there is no one in this room who would be willing to wait that long if he or she were a South African black.

There are those who say that waging economic war against South Africa will only hurt the people we want to help, the black workers. But those people are already being hurt more profoundly by apartheid than any trade sanction that we could possibly devise or impose.

I urge the committee today to look at this problem with a fresh eye and from a new perspective. First, look at U.S. policy through the eyes of South African blacks, who live every day with the crippling violence of apartheid, and who see every day that American citizens continue to profit and prosper from the system that oppresses them. And then look at this issue through the eyes of the American black community. For what we say and what we do in the coming months will send a message, not only to the victims of apartheid we seek to help, but also to large segments of our own society who ask simply for the United States to live up to its own ideals and who wonder, simply, whether those ideals are limited to those people in the world who are not black.

Congress made a promise in 1986, but our ancestors made an even more important promise in 1776 when they proclaimed that "All men are created equal and are endowed by their Creator with certain inalienable rights: the right to life, liberty and the pursuit of happiness." The continued success and vitality of the great American experiment rests in no small measure on our continued willingness to be true to that simple, eloquent promise. We spoke then -- two hundred years ago -- not only for our own people, but for all people in all parts of our common planet. Throughout our history, we have often been summoned to demonstrate anew that the United States stands for freedom and for justice, not only for some people but for all people, not only for white people but for black people and brown people, not only for Americans but for all those who share our hopes and dreams.

To make good on that promise today, we must end our nation's complicity with the racism and terrorism that is South Africa. To be true to ourselves and to our country, it is time for Congress to say that American business has no business doing business with apartheid.

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TESTIMONY OF SENATOR LOWELL P. WEICKER, JR.
BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE
IN SUPPORT OF S. 2378
ON WEDNESDAY, JUNE 22, 1988

MR. CHAIRMAN, I AM GRATEFUL FOR THE OPPORTUNITY TO APPEAR BEFORE THE COMMITTEE TODAY WITH SENATOR KENNEDY TO TESTIFY IN SUPPORT OF S. 2378, THE ANTI-APARTHEID ACT AMENDMENTS OF 1988. I BELIEVE THIS LEGISLATION TO BE THE NECESSARY NEXT STEP IN THE FIGHT AGAINST APARTHEID.

APARTHEID IS ALIVE AND UGLIER THAN EVER IN SOUTH AFRICA, IF NOT AS VISIBLE TO THE AMERICAN PEOPLE, OWING TO PRESS CENSORSHIP WHICH WORSENS WITH EACH PASSING WEEK. LACKING THE FRESH IMAGES ON OUR NIGHTLY NEWS, WE FIND IT HARDER TO MUSTER THE SENSE OF URGENCY REQUIRED. STILL, THE TRAGEDY UNFOLDS. IN FACT, MOST SUPPORTERS AND OPPONENTS OF SANCTIONS AGREE THAT CONDITIONS ARE DETERIORATING. THE TWO LARGEST ANTI-APARTHEID NEWSPAPERS, THE NEW NATION AND SOUTH, HAVE BEEN SHUT DOWN, WHILE OTHERS HAVE BEEN THREATENED WITH LIKE TREATMENT. SOME 30,000 INDIVIDUALS HAVE BEEN DETAINED WITHOUT CHARGE. AS MANY AS 10,000 OF THEM ARE CHILDREN. SUCH DETENTIONS ROUTINELY INVOLVE PHYSICAL ASSAULT AND TORTURE. ALMOST ALL ANTI-APARTHEID ORGANIZATIONS INCLUDING THE UNITED DEMOCRATIC FRONT (UDF) HAVE BEEN BANNED. THE MODERATE ANTI-APARTHEID LEADERS OF THE PAST ARE AGING (MANY OF THEM BEHIND BARS) AND BEING REPLACED BY YOUNGER, MORE RADICAL LEADERS WHO

HAVE LOST HOPE AND ARE MORE WILLING TO RESORT TO DESPERATE MEANS TO ACCOMPLISH THEIR ENDS.

THE QUESTION THAT CONFRONTS US AS RESPONSIBLE LEGISLATORS IS WHAT THE U.S. ROLE SHOULD NOW BE -- AND THIS IS WHERE THE DISAGREEMENT BEGINS.

SOME OF MY COLLEAGUES, SUCH AS THE DISTINGUISHED SENATOR FROM NORTH CAROLINA, ARE SAYING THAT WE SHOULD REPEAL SANCTIONS--THAT THEY HAVE NOT WORKED AND HAVE ACTUALLY HURT BLACKS AND THE POSSIBILITY OF REFORM IN SOUTH AFRICA. TO THEM, I RESPOND THAT IN 1986 THE CONGRESS REDIRECTED AMERICAN FOREIGN POLICY WHEN WE OVERRODE A PRESIDENTIAL VETO OF THE COMPREHENSIVE ANTI-APARTHEID ACT. THIS LEGISLATION WAS NOT EVERYTHING THAT I WANTED, BUT IT WAS A NEW DIRECTION AND SENT A MESSAGE OF HOPE TO SOUTH AFRICAN BLACKS. AMERICA STOOD UP AND SAID THAT WE ARE ON YOUR SIDE--THE SIDE OF THE MAJORITY OF SOUTH AFRICA'S PEOPLE. THAT NEEDED SAYING.

AS TO THE REPEATED CHARGE THAT SANCTIONS HURT BLACKS BY TAKING AWAY JOBS, I DO NOT CONTEST IT ANY MORE THAN THOSE WHO BEAR THE BURDEN OF THAT LOSS CONTEST IT. STILL, THEY SUPPORT SANCTIONS AND SO DO I. IN FACT, MODERATE BLACK LEADERS AND ORGANIZATIONS ARE CALLING FOR STRONGER SANCTIONS. ARCHBISHOP DESMOND TUTU, REVEREND ALAN BOESAK, THE SOUTH AFRICAN COUNCIL OF CHURCHES, AND COSATU AND NACTU (THE TWO LARGEST BLACK TRADE UNIONS) WANT COMPREHENSIVE INTERNATIONAL ECONOMIC SANCTIONS. TO REPEAL THIS

LANDMARK LEGISLATION AND RETURN TO THE FAILED POLICY OF "CONSTRUCTIVE ENGAGEMENT" WOULD SIGNAL BETRAYAL TO THEM.

OTHERS OF MY COLLEAGUES ARE NOT CONVINCED THAT THE CONGRESS SHOULD TAKE ANY MORE ACTION ON SOUTH AFRICA. IT IS TRUE THAT THE IMPACT OF THE 1986 LEGISLATION HAS BEEN MUCH LESS THAN WAS HOPED FOR --BOTH THE PRESIDENT IN HIS REPORT ON THE EFFECTIVENESS OF SANCTIONS AND THE GENERAL ACCOUNTING OFFICE IN ITS REPORT AGREE ON THAT. ANOTHER STUDY RELEASED YESTERDAY BY THE LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW REVEALS SOME OF THE REASONS WHY. IT CRITICIZES THE ADMINISTRATION FOR ITS UNWILLINGNESS TO WHOLEHEARTEDLY IMPLEMENT THE CURRENT SANCTIONS, AND FURTHER POINTS OUT: "THE CURRENT SANCTIONS ARE SELECTIVE OFTEN SKIRTING THE KEY PRESSURE POINTS IN THE SOUTH AFRICAN ECONOMY." I URGE THOSE WHO QUESTION WHETHER THE TRACK RECORD OF THE FIRST BILL WARRANTS FURTHER ACTION TO RECONSIDER. I BELIEVE A CLOSE EXAMINATION OF THE FACTS WILL CONVINCE THEM OTHERWISE.

LET ME HIGHLIGHT ONE PARTICULAR PROVISION OF S. 2378. ONE FAILING OF THE 1986 LAW WAS THAT IT GAVE THE PRESIDENT AN OPTION WITH REGARD TO MULTILATERAL MEASURES TO UNDERMINE APARTHEID. THE PRESIDENT HAS CHOSEN TO IGNORE HIS OPTION. IN THE CONTEXT OF A SUPERPOWER SUMMIT, HE SPEAKS VOLUMES ABOUT THE "DIGNITY OF THE INDIVIDUAL IN THE FACE OF THE MODERN STATE" AND MARVELS AT WHAT PEOPLE WILL "SUFFER TO BE FREE." YET HE FAILS TO GIVE THE PEOPLE OF SOUTH AFRICA THE SAME CREDIT. EVENTS OF THIS WEEK HIGHLIGHT THE LOST OPPORTUNITIES. THE ECONOMIC SUMMIT OF THE SEVEN MAJOR

INDUSTRIALIZED NATIONS HAS COME AND GONE WITH ONLY ONE STATEMENT ON APARTHEID, WHICH IS--WE ABHOR IT. WELL, THIS IS JUST NOT ENOUGH. A FEW WORDS MUMBLED BETWEEN CUPS OF TEA ARE NO SUBSTITUTE FOR CONCERTED INTERNATIONAL ACTION. WITH THIS IN MIND, THE NEW LEGISLATION EXPLICITLY REQUIRES THE PRESIDENT TO CONFER WITH OTHER INDUSTRIALIZED COUNTRIES "IN ORDER TO REACH COOPERATIVE AGREEMENTS TO IMPOSE SANCTIONS AGAINST SOUTH AFRICA."

LASTLY, LET ME SAY THAT EVEN IF THE COMPREHENSIVE ANTI-APARTHEID ACT AMENDMENTS OF 1988 PASS THE SENATE UNAMENDED AND THE CONGRESS OVERRIDES THE PRESIDENT'S VETO, I AM NOT NAIVE ENOUGH TO BELIEVE THAT IT WILL BRING OVERNIGHT CHANGE IN SOUTH AFRICA. I DO, HOWEVER, BELIEVE THAT IT REPRESENTS ONE OF OUR LAST HOPES TO HELP BRING ABOUT "PEACEFUL" CHANGE IN THAT TORTURED NATION. WE NEED TO FAN THE WINDS OF HOPE, INSTEAD OF POURING GASOLINE ON THE ANGER AND HATE OF BLACKS AND WHITES ALIKE. MR. CHAIRMAN, I BELIEVE THAT THIS LEGISLATION CAN HELP DO THAT AND I HOPE THE COMMITTEE WILL MOVE EXPEDITIOUSLY ON IT.

RH MACHINE P.O. BOX 1348 • CALDWELL, IDAHO 83605 • (208) 459-1506 and 459-1507

July 12, 1988

Senator Steve Symms
509 Hart Senate Office Bldg.
Washington, D.C. 20510

Dear Senator Symms:

On Monday, June 20, 1988 I was in your office in Washington, D.C. I met with Andy Jazwick on Monday and Tuesday about the effect of the sanctions against South Africa on my business. He asked me to send my written comments to you.

I am writing on behalf of two businesses, R & H Machine, Inc. and Gem State Alloys, Inc., both of Caldwell, Idaho. These companies are closely held family corporations with a total of eighteen full and part-time employees.

In order to give you an understanding of our problem, I need to give a brief background of the businesses. R & H Machine has built a business by providing long wearing chrome alloy parts for agricultural equipment. It began over twenty-five years ago as a welding and machine shop on Ray Stueckle's wheat farm in Whitman County, Washington. Ray developed a new use for a material known as high chrome alloy, and pioneered the use of this material in agriculture. Because Ray was a farmer for twenty-five years, he wanted to provide the longest wearing part for the lowest possible cost. Through Ray's innovations we are now able to provide parts that will wear from ten to twenty times as long as standard hardfaced parts at very little more than the cost of the standard parts. In one carefully monitored field test on a farm on the Columbia River it was discovered that the use of standard hardfaced ripper points was costing $0.497 per acre, while the use of the R & H ripper point cost $0.009 per acre. You will agree that this is a significant savings in operating cost.

Over the years other companies have copied Ray's ideas, but none has provided the quality that he demanded. In 1979 he was forced to build his own foundry in order to insure a steady, reliable supply of the castings sold by R & H Machine. In all of this, Ray actually set a new wear standard for the industry, and R & H still maintains the reputation of supplying the highest quality parts available. In fact, other companies sell their parts by claiming they are "just as good as R & H".

Our primary concern with the sanctions on South Africa is that our whole business, which has taken twenty-five years to build, depends upon a reliable source of affordable chrome. In the past year we have seen the price of chrome go from $0.57 per pound to $1.08. Since last September we have been on allotment to receive the same amount of chrome we purchased last year. We are buying a refined type of chrome called "high carbon ferro chrome" which contains 65 to 68% chrome and 6 to 7% carbon, with iron as the remainder of the material. It is my understanding that a large portion of our chrome supply is now coming through a communist bloc country.

In order for us to maintain our reputation and stay in business, we must have a steadily increasing supply of chrome. Our parts contain from 25% to 30% chrome, depending on the application. We are currently using 4,000 to 6,000 lbs. of HC Ferro every month. We are in the process of negotiating several sales to Saudi Arabia and waiting confirmation of a $60,000 order. Our ripper points have already been tested there with excellent results.

We cannot reduce the percentage of chrome used in the castings because a 2% decrease in the amount of chrome would reduce the wear by 50%. As the price of chrome continues to rise (which it will certainly do if the communist bloc controls the supply), we are unable to pass on the cost to our customers. While our parts would still be cost effective if the price were increased considerably, our farmer customers would be more likely to turn to cheaper (initially) standard parts.

I will appreciate anything you can do to help influence the vote on the sanctions. I know you realize the importance of strategic minerals to the welfare of our country as a whole and to our business in particular. I strongly object to having to rely on communist bloc countries to supply something so essential to our national welfare.

Very truly yours,

David H. Organ

David H. Organ
Treasurer, R & H Machine, Inc.
President, Gem State Alloys, Inc.

Testimony of Deputy Secretary of State John C. Whitehead
Senate Foreign Relations Committee
June 22, 1988

Thank you, Mr. Chairman, for this opportunity to present the Administration's views on Senate Bill 2378, the Amendments to the Comprehensive Anti-Apartheid Act of 1986. If enacted, this legislation could have important consequences for the future of American diplomacy in South Africa and in the Southern Africa region. For reasons I hope to make clear in my testimony, the Administration strongly opposes Senate bill 2378. American interests are not served by legislation which requires that we experiment in the economic destabilization of South Africa without genuine prospects of contributing to the solution of that country's problems.

Despite our strong objections to this bill, we are quick to recognize the feelings which motivated it. South Africa's apartheid system is repugnant to all Americans. While many governments tolerate or even surreptitiously encourage discrimination on the basis of ethnicity, only in South Africa is racial discrimination a civic duty and the failure to practice it a punishable offense. Among nations which profess to identify with Western, democratic values, only South Africa classifies individuals, herds them into groups, and strips them of their individual political rights according to racial and ethnic criteria. This monstrous injustice affronts us all and cries out for redress.

Our aversion deepens when we are confronted by the stubborn resistance of the South African government to appeals for peaceful change. Successive generations of black activists — during the defiance campaigns of the early 1950s and early 1960s, during the Soweto uprising of the 1970s, and in the latest wave of township protest from 1984 to 1986 — have been shattered by progressively harsher and more sophisticated forms of official repression. Despite repeated, worldwide censure and the imposition of severe sanctions — some of them dating back more than twenty years -- South Africa's governing elite remains steadfast in its determination to retain its monopoly on political power.

Injustice and inequality are entrenched in South Africa, but not all the trends are negative. Over the past ten years, the nature of apartheid has changed markedly. Numerous petty apartheid provisions have fallen by the wayside, the Pass Laws have been scrapped, central business districts have been opened to blacks, and black labor unions have been legalized and have made impressive organizational strides. These changes testify to a growing awareness among many South African whites that apartheid in its purest sense is impractical and uneconomic, if not actually immoral. Consistent with this trend is the finding of the Dutch Reformed Church two years ago that no scriptural justification exists for the practice of apartheid. Another institutional pillar of the Afrikaner establishment, the Broederbond, also broke with apartheid orthodoxy at that time. Regrettably, this willingness to dispense with some forms of racial discrimination has not yet developed into a consensus in favor of addressing the truly critical issue confronting South Africa, which is the issue of permitting all South Africans to participate in deciding how and by whom they are governed.

A clear and dispassionate analysis of the crisis gripping South Africa is required if the United States hopes to play a constructive role there. Our interests demand that we avoid the pitfalls of desperate activism on the one side and resignation and disengagement on the other. We must accept that the transition to a non-racial democracy in South Africa will inevitably take longer than all of us would like. We must also understand that South Africans themselves -- black and white -- will be the agents of their own liberation, with outsiders, including the United States, playing only a secondary role at best. Above all, we need to acknowledge that such limited influence as we currently possess derives from our continuing presence on the ground in South Africa. A progressive U.S. business presence, an official aid program reaching out to tens of thousands of black South Africans, our persistence in urging South Africans to confront the imperatives of dialogue and compromise and to consider what they are for as well as what they are against — these are the most important assets we have for challenging apartheid. We can condemn, censure and sanction — as this legislation requires — and hope against logic and experience that we can achieve some beneficial result. Or we can take a longer view which refuses to disengage, preserves our lines of communication, our contacts and our limited resources within South Africa, and positions the United States to intervene positively at the moment when our limited leverage can accomplish the most good.

The Fallacy of Sanctions

Three years ago, at the height of the violent unrest in black townships across South Africa, it was fashionable to argue that apartheid had entered its final crisis. Activists in South Africa, exiled black leaders and many observers in

Europe and the United States predicted that only a final push was needed to topple the system. Comprehensive and mandatory international sanctions were thought by some to be precisely the push required.

These prognostications were obviously wide of the mark. Few persons familiar with existing power relationships in South Africa seriously believe that a rapid resolution of the crisis is possible -- with or without sanctions pressure. Surely it was unrealistic to expect the South African government to respond to our pressure by ending the State of Emergency, releasing political detainees or meeting any of the other conditions for lifting sanctions outlined in the Comprehensive Anti-Apartheid Act. Not surprisingly, the South African government refused categorically to meet these demands.

Presumably in recognition of these factors, Congress has modified its expectations. In reporting out HR 1580, the House Foreign Affairs Committee describes sanctions as "part of a medium-to-long-term approach designed to maximize both internal and external pressure on the apartheid regime". The House report further notes that to ensure their effectiveness, sanctions must be multilateralized; that U.S. pressure alone will be insufficient to accelerate the pace of change in South Africa.

It should be clearly understood that the Administration has consulted intensively with South Africa's main trading partners, all of whom are major allies of the United States. For the most part, these governments are strongly disinclined to either follow an American lead or act unilaterally in adopting further punitive sanctions. Our allies either reject or are highly skeptical of the premise that by destabilizing the South African economy, the West can somehow engineer a relatively peaceful transition to democratic rule in South Africa. Moreover, these governments judge -- as does the Administration -- that international sanctions cannot be effectively enforced without recourse to military measures.

As some of you may be aware, we have received in the past two weeks separate, official communications from the European Community and the British government informing us of their deep concerns over extraterritorial provisions in this bill. Passage of S2378, particularly the secondary boycott features, could lead to GATT disputes with our major trading partners and undermine the U.S. negotiating position in the current round of GATT talks.

We should not, therefore, delude ourselves into thinking that it is possible to internationalize sanctions under

American leadership. Our allies will resist this approach, at least until such time as we can demonstrate convincingly that cutting trade links, selling off assets, and relinquishing contacts across the board in South Africa will result in something other than a costly, symbolic protest.

The central fallacy of the sanctions approach is not simply that it isn't feasible. Rather, the problem lies with a fundamental misreading of South African political and economic realities, and with the acceptance of a false correlation between economic pain and positive social change. Simply put, sanctions are the wrong tool brought to the wrong job.

Sanctions are the wrong tool because South Africa has the resources to resist an economic siege and has been preparing for such a contingency for many years. Although heavily dependent on international trade, South Africa has domestic deposits of virtually every key raw material input needed for an industrial economy, with the major exceptions of crude oil and bauxite. The South African government and private sector have spent billions of dollars stockpiling strategic imports -- ranging from crude oil and bauxite to computer and aircraft parts; these stockpiles would provide a cushion against shortages until alternative sources of supply could be found or import substitution projects completed.

Based on previous experiences with international embargoes against South Africa, we believe that direct controls on shipments to South Africa would probably not prevent South African importers from obtaining the foreign supplies that they need. One possible exception would be certain high-technology goods, for which adequate enforcement mechanisms already exist.

With regard to South African exports, 65 percent of export earnings are made up of low bulk/high value items such as gold, diamonds and strategic minerals. Most economists believe that an effective boycott of these commodities would be difficult or impossible to enforce. The remaining 35 percent, mainly steel and manufactured products, would be more vulnerable to a general boycott. Even here, however, a boycott would not be airtight. For example, in the past two years sanctions have closed 80 percent of South Africa's traditional export market for steel, yet South African steel exports were only down by about 2.9 percent through October of last year. Given South Africa's proven capacity for trade realignment and diversion and its still untested capacity for full-scale sanctions-busting, we estimate that even reasonably well-enforced comprehensive U.N. sanctions would cut total export receipts by something less than 25 percent.

The net result of a total trade embargo on South Africa would almost certainly be far less dramatic than proponents of the sanctions approach believe. The impact is likely to be a moderate recession over the medium term, comparable to the 1982 - 1986 period in South Africa. Over the longer term, constraints on growth and a decline in competitiveness could push South Africa deeper into recession.

But, whatever their economic consequences, what counts is the political impact of sanctions. As one leading South African Marxist theoretician recently noted in a reversal of his previous position, the criterion for sanctions should be the question of whether they consolidate the position of the black worker and black organizations. He concludes that sanctions don't meet that criterion. As I will point out, sanctions are far more likely to produce perverse results: mild discomfort, at most, for white elites, but a risk of severe economic dislocation for the black work force.

The Economic Costs to the United States

Sanctions are not cost-free for the United States. S2738 will require U.S. business to find new markets, assuming they are available, for over $1.2 billion in annual exports of mostly manufactured and high-technology goods. The forced liquidation of over $1 billion in direct U.S. investment will change little in South Africa except to consolidate the position of local business interests acquiring these assets at well below market value. It is reasonable to expect that at least some U.S. companies will challenge the constitutionality of this provision on the grounds that it results in the confiscation of assets without fair compensation.

While the precise impact of sanctions on the U.S. economy is hard to measure, some industries will be more seriously affected than others. Studies indicate that the U.S. coal industry has already lost an estimated $250 million over the past three years. A sizable portion of the loss is due to market distortions caused by existing U.S. sanctions against South Africa. Foreign customers of U.S. government enriching services who use South African uranium provide approximately $350 million a year in revenues. Some of these customers will take their enrichment business to Europe and the Soviet Union if the U.S. cannot process their material.

These estimates do not include the potential cost of South African countersanctions. Even a temporary disruption of strategic mineral exports to the United States would have serious repercussions over a broad range of U.S. industries.

According to the U.S. Bureau of Mines, the direct economic costs to this nation resulting from a decision to embargo South African strategic and critical minerals imports are estimated at $1.85 billion per year. About 94 percent of these estimated costs are for two platinum-group metals (PGM's), platinum and rhodium.

Platinum is primarily used in the production of automotive catalytic converters, and about two-thirds of 1986 total domestic industrial consumption was used for this purpose. In 1986, the United States imported 86 percent of its platinum supplies from South Africa.

Outside the Soviet Bloc, there are insufficient alternative supply sources to South Africa to meet United States platinum metal requirements. In 1986, the total production of countries other than South Africa and the Soviet Union, including domestic primary and secondary production, could only satisfy about 40 percent of United States demand.

Rhodium is a very rare metal absolutely essential for compliance with Clean Air Act auto emissions standards for nitrous oxides. Omitting the Soviet Union and other centrally planned economies, U.S. consumption of rhodium was almost one-half of the Western world total. The primary application of rhodium is in the production of automotive catalytic converters. Over 70 percent of U.S. consumption (93 thousand ounces in 1986) was used in this application in 1986. Rhodium demand is increasing worldwide as emission-control requirements are placed on nitrous oxide emissions, and as the control requirements are applied to a larger fleet of vehicles. In 1986, South Africa provided about 53 percent of Western world supply, the Soviet Union 38 percent, and secondary recovery 5 percent. There are insufficient non-South African rhodium supplies to meet U.S. demand.

It should be pointed out that while the South African government has never threatened the U.S. with a disruption or a cut-off of strategic minerals supplies, it certainly has this option. Pretoria also has the option of slapping countersanctions on neighboring black states, all of whom are critically dependent on South African trade or transport routes or both. Passage of this bill would put South Africa's intentions to the test with regard to both the U.S. and our interests in stable development of the region.

The Political Costs of Sanctions

If sanctions are the wrong tool, they are also being used for the wrong job. Ostensibly aimed at influencing South Africa's key decisionmakers, sanctions miss this target altogether while hitting everyone else, causing collateral damage in precisely those sectors of South African society which are pushing hardest for fundamental, peaceful change.

If comprehensive, international sanctions against South Africa are extended, we should anticipate that the main losers will be South African blacks. They will be the first to suffer the effects of a prolonged recession in terms of lost opportunities, lost jobs, and decreased government spending on black housing, black education, and services provided to black townships. This is an unintended and possibly tragic economic implication of the sanctions approach.

At the same time, the forced withdrawal of U.S. corporations from South Africa will end funding and logistical support for a wide range of programs designed to promote black economic empowerment, foster black self-reliance, and build professional and leadership skills. U.S. and other Western corporations play an important part in helping to sustain an estimated 2,000 such programs which exist at the grassroots level. In the face of mounting restrictions on most forms of opposition political activity, these programs provide a vital organizational network and fall-back position for those blacks working to build the power bases necessary for challenging the government.

In less direct fashion, we stand to lose other opportunities to deflect repressive measures directed at blacks. If the threat of a total economic embargo on South Africa becomes reality, the South African government will have even fewer reasons to heed outside advice on what it regards as its internal political affairs. Although our standing with the South African government declined sharply following passage of the Comprehensive Anti-Apartheid Act in 1986, we retained enough influence to argue persuasively in favor of a stay of execution for the Sharpeville Six. We have also successfully lobbied to postpone and, hopefully, sidetrack pending legislation which could end all foreign funding to groups whose activities the government broadly defines as "political." These are small but significant achievements. We cannot realistically expect to repeat them if we continue down the road toward punitive trade embargoes and a severance of ties with South African officialdom.

I cannot accept the argument that by inflicting additional economic hardship and political frustration on South African blacks we create the conditions necessary for a successful challenge to the apartheid system. Nor is it reasonable to think that sanctions will have a demoralizing effect on white elites, thereby rendering them more vulnerable to pressures for fundamental change. Under any conceivable sanctions scenario the South African government will assign top priority to protecting white jobs and to ensuring that the police and military are funded at levels sufficient to avoid any decline in their capabilities. The suppression of new outbreaks of black unrest is a foregone conclusion. To suppose that outside powers can rearrange government priorities through economic quarantines and reduced contact with South Africa is to misread tragically the staying power of the Afrikaner minority and its determination to put its security ahead of all other interests, including the interests of South Africa as a whole.

South African blacks will be the primary, but not the only, victims of an international sanctions campaign against South Africa. Other victims will be those South African whites who most closely identify with American democratic ideals and who support black aspirations for a more just society. Leaders such as Frederik van Zyl Slabbert, Wynand Malan, Helen Suzman, and Denis Worrall staunchly oppose an economic and diplomatic quarantine of South Africa. As they struggle to build bridges across South Africa's racial divide, they need the support that a strong U.S. presence -- both official and unofficial -- provides. They have seen sanctions contribute to a siege mentality among whites which the ruling National Party has successfully fostered and exploited by converting to its ranks thousands of relatively moderate, English-speaking voters over the past two years. They have also witnessed a steady erosion over the past year of fundamental civil liberties even in the hitherto protected sphere of white politics. The same noose which has been used to strangle black dissent is now coiled expectantly around the white, reformist opposition. By dissociating ourselves from South Africa, we simply make it easier and less costly for authorities to pull that noose tighter.

By the same token, ultra-conservative factions in South Africa are increasingly drawn to the prospect of cutting trade links, ending the U.S. business presence in South Africa, and limiting contact with the West. From their standpoint, a strong American presence is an unwelcome restraint on South Africa's internal and external policy options. Conservatives resent what they regard as American meddling in South Africa's internal affairs, including our financial and moral support to anti-apartheid groups, and our persistance in seeking ways to dismantle racial barriers and promote dialogue. They also resent American films and television programs, our music, journalism and popular culture because of their supposedly subversive influence on a younger generation of Afrikaners. South Africa's U.N. representative was speaking to this constituency when, in responding a few months ago to harsh criticism of South Africa in the General Assembly, he invited the international community to "do its damndest" to Pretoria. He could have as well added: "and close the door behind you." Neither hardliners in the National Party, nor the growing conservative opposition, nor the more militant organizations even further to the right will mourn the absence of Americans from South Africa.

Sanctions and the Black Opposition

Claims that the overwhelming majority of South African blacks support sanctions cannot be substantiated. Certainly respected black leaders of community, labor, church and student organizations, as well as the ANC and PAC in exile, continue to call publicly for further punitive measures against Pretoria. Some, like Archbishop Desmond Tutu, believe that sanctions are the only alternative to uncontrollable violence. Leaders of the Front Line States have also, in past years at least, been outspoken in calling for U.S. and Western sanctions against South Africa.

Yet there are signs that over the past two years a serious rethinking of the sanctions strategy has taken place. Some mass organizations, such as conservative black churches and Chief Buthelezi's Inkatha movement which claims to represent more than six million Zulus, have always been opposed to international sanctions. Other organizations, such as the National African Federated Chamber of Commerce, which represents most major black business interests, officially subscribe to sanctions while leaving individual members ample room to express doubts. Even within the staunchly pro-sanctions COSATU, debate simmers over the wisdom of promoting international embargoes.

While it would be wrong to infer that black opposition leaders are simply out of touch with their rank and file, debate over the effectiveness of sanctions is unquestionably livelier now than ever before. This new mood is captured in Soweto playwright Gibson Kente's popular drama "Sekunjalo", which depicts comrades destroying a township by intimidating, burning and boycotting. It ends with a declaration of hatred for Afrikaner rule and a dance routine in which the actors sing "Who's gonna plant that cane? Who's gonna drive that train? Who's gonna fly that plane?" Kente's actors recount the events of the 1850s when the Xhosa nation killed its cattle and burned its grain in the faith that the dead would rise and the Russians would come to drive the British into the sea. The actors compare those times with the current calls for sanctions and bemoan the self-destructive tradition of black South African resistance to white rule.

The Marxist intellectual and leader of the black-consciousness-based National Forum, Neville Alexander -- hardly an apologist for apartheid -- makes the same argument from a different perspective. He wrote recently that "I believe...

that the insistence on total sanctions is senseless -- assenseless as an unqualified academic boycott and unlimited school boycotts -- which amount to suicide if you do not have real power, and if the government is not yet so weak that such pressure can bring it to its knees."

Across South Africa's borders, reassessments of the effects of sanctions and possible South African countersanctions on the economies of the Front Line States are also underway. As a result, Front Line leaders have modified their rhetoric, moved serious discussions of sanctions to the margins of international meetings and abandoned plans to apply sanctions of their own. Trade between South Africa and most neighboring states has actually increased over the past year.

These observations are not meant to suggest that black South Africans have come to terms with white domination, or that South Africa's black-ruled neighbors have accepted the status of satellites to the region's economic superpower. What has occurred, I believe, is that sanctions have been re-evaluated and strong misgivings have developed about both their high costs and effectiveness.

Keeping Open U.S. Options

I alluded earlier to the combination of outrage and impatience with which many Americans react to the situation in South Africa. But neither we nor South Africans can afford U.S. policies motivated primarily by passion. There exists a broad American consensus on what is wrong in South Africa and on the steps South Africa and its citizens must take to correct these wrongs. This consensus could provide the basis for a realistic, workable, and non-partisan approach to the South African crisis.

Any sound American policy toward South Africa must take into account at least two fundamental constraints. First, we must accept that South Africa's crisis is an enduring one. There are no quick solutions. Resorting to drastic remedies, such as the misuse of American power to destabilize the South African economy, only increases chances of a catastrophic outcome for all South Africans. Second, we must also accept that our leverage is limited. South Africa can survive -- even thrive -- without trade or contact with Americans. Our mission should be one of using all available means to maximize our influence and leverage. This can't be achieved through a policy of economic and diplomatic dissociation from the problem.

Operating from these premises, the Administration has constructed an approach which emphasizes both the protection of enduring U.S. interests in South Africa and the promotion of rapid, fundamental change in that society. This approach has a number of key elements.

-- The Administration has undertaken strenuous efforts to keep open all our lines of communication, to expand contacts across the racial and political spectrum, and to open up opportunities for the kinds of negotiations which are South Africa's only alternative to a slow descent into civil war. Over the past eight years, all groups in South Africa, including the full range of opposition movement leaders, have had access to the highest levels of our government. We continue to make it clear to the South African government that we believe it has a special responsibility to create the necessary conditions in which negotiations with credible opponents can take place.

-- Expanding our assistance to apartheid's victims is a top priority. South Africa's struggling black communities need our financial support, our technical and professional training, and our help in developing organizational and leadership skills. These are the building blocks from which the disadvantaged majority will construct a more just and more democratic future for South Africa. To the extent that numbers of blacks already possess the knowledge and the skills, and hence the economic power, that a modern industrial state requires, they have greatly strengthened their bargaining position vis-a-vis South Africa's governing elite. We must work to develop further this leverage and to help turn it to political advantage. This is the central thrust of our official aid program to South Africa. Obviously, sanctions-induced unemployment, a turn by South Africa towards autarky and tighter state control of the economy, and a reduced American presence in South Africa would all work against this effort.

— In dealing with South Africa, we must continue to put a strong emphasis on the regional context. Turmoil in South Africa continues to spread outwards in shock waves which threaten the economic and political stability of neighboring states. Our regional diplomacy is committed to reducing these states' economic vulnerabilities and to easing misunderstandings and tensions in their dealings with South Africa.

— In this regard, negotiations currently underway to secure Namibian independence and the withdrawal of all foreign troops from both Namibia and Angola assume special importance. A negotiated solution would be a signal achievement for American diplomacy and would win widespread approval throughout Africa. Progress has been made which even sympathetic observers would have said a short time ago was impossible. We have laid down the conceptual basis for a settlement and brought all parties to the realization that Namibian independence, the removal of foreign armies from Angola, and the resolution of Angola's internal conflict are interrelated problems. None of these problems can be solved in isolation from the others.

Our mediation continues, and it is important that Congress not undercut this effort by ordering drastic changes in our bilateral relationship with one of the negotiating parties. While it may be in South Africa's best interests to achieve a negotiated settlement in Angola and Namibia, Pretoria could well decide that a harsh, diplomatic rejoinder to expressions of U.S. hostility is a higher immediate priority.

As a final note, I would like to point out that in a few months' time a new U.S. administration will enter office and will no doubt undertake a review of U.S. policy toward South Africa and the region. It would be wrong for Congress to commit the United States, in the final days of this administration, to the extreme measures contemplated in S2378. To do so will deny the new Administration the option of continuity in U.S. policy while at the same time seriously restricting its choices before it has even entered office.

The South African dilemma will be with us for some time to come. The only reasonable course Americans can adopt is one which ensures that we retain as many diplomatic tools and channels of influence as possible in the search for ways to remain relevant and involved in finding a solution. Regrettably, S2378 takes us in precisely the opposite direction.

STATEMENT BY THE HONORABLE F. J. KOZONGUIZI
MINISTER OF JUSTICE AND INFORMATION
NAMIBIAN TRANSITIONAL GOVERNMENT OF NATIONAL UNITY
TO THE COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

Mr. Chairman:

The Congress of the United States saw fit, by means of the Weicker amendment to the Comprehensive Anti-Apartheid Act, 1986, to define South Africa as including " any territory under the Administration, legal or illegal, of South Africa". In an address to the Senate on 14 August, Senator Weicker stated that the first purpose of his amendment was "...to include Namibia in the sanctions..." under consideration by the Senate. Similar language was included in the bill passed by the House of Representatives and Namibia is therefore alleged, for the purposes of this Act, to be a part of South Africa.

Leaving aside for the present the question of whether this language succeeds in making the sanctions applicable to Namibia - we would argue, parenthetically, that Namibia is administered by the Cabinet of the Transitional Government of National Unity, in which I serve - the decision by the Congress to attempt to do so is particularly regrettable, as even a cursory review of the facts will establish that South Africa and Namibia are two very different places and that punishing the people of Namibia cannot possibly assist them in achieving independence from South Africa.

It is apparent from the fact that the bill under consideration by this Committee at present again seeks consciously to apply to Namibia, the comprehensive sanctions presently under consideration against South Africa, that we have not yet succeeded in making clear to those who make decisions in the Congress of the United States what we have done in Namibia and how our situation differs from that in South Africa. I am accordingly grateful for this opportunity to attempt to do so today.

In a policy address on South Africa in 1986, President Reagan set a number of conditions with which that country would have to comply if it were to have a stable political future. These same provisions, incorporated in somewhat tougher language, were included at Section 311 (a) and (b) of the Comprehensive Anti-Apartheid Act, 1986, by means of the Eagleton amendment, as conditions with which the government of South Africa would have to comply if sanctions were to be lifted. We, Mr. Chairman, have complied with these conditions. Indeed we had complied with them before the debate on the Comprehensive Anti-Apartheid Act began in the Congress.

We had done these things, not because anyone in Washington thought they were a good idea, but because we, as proud Namibian nationalists, knew what sort of society we wished to live in!

We have released, as part of our continuing efforts to promote national reconciliation and unity in Namibia, more than sixty detainees who were previously held under security legislation, as well as 22 prisoners sentenced by the courts to long terms of imprisonment - including seventeen life sentences - for crimes motivated by their political beliefs.

Andimba Toivo ja Toivo, the closest parallel with Nelson Mandela in Namibia, was released almost four years ago as a result of pressure for his release which the parties which now make up our government, brought to bear on the South African government. Not one politically prominent Namibian is today in prison or detention. How many other African states can make the same claim?

The Administration and the Congress, Mr. Chairman, have called on the Government of South Africa to lift the State of Emergency. In Namibia, I am pleased to say, there is, unlike Angola, Mozambique, South Africa, Zambia and Zimbabwe, no State of Emergency. No political party is banned or restricted in any way. A Bill of Rights, enforceable by the courts, protects the rights of the individual against unreasonable intrusion by the government and constrains the legislative competence of our National Assembly.

Our Transitional Government, consisting of six parties comprising members of all races and ethnic and cultural groups in our country, is the only means we have of exercising our right to self-determination until the impasse created by the presence of more than 40 000 Cuban troops in Angola and its linkage to our independence, is resolved. We have sought for four years, without success, to draw SWAPO, the movement which, with Soviet, Cuban and MPLA support, still wages a dying "war of national liberation" against the people of this country, into negotiations for a peaceful future. Despite its intransigence; despite some shocking incidents of political terrorism against Namibian civilians who do not share its views; SWAPO, like all other parties in Namibia, is allowed to hold meetings, propagate its views and canvass support.

There is no restriction in Namibia, on the freedom of the media to publish, Mr. Chairman. Views of the most diverse kind are published all the time. Our government is reviled, even occasionally praised, just like yours. Views are debated freely and the right of our citizens to debate them and of our media to publish their views is protected in Article 5 of the Namibian Bill of Rights.

Can we do more, Mr. Chairman, to comply with the standards which the Congress has suggested for South Africa? Why on earth should the United States seek to punish us for doing just what you are seeking to have South Africa do? We stand for the same values which the United States propounds. We are a moderate African government, committed to the liberation and independence of our country, but well-disposed to the United States and other Western powers. Our human rights record, even in the difficult circumstances brought on by a continuing low-level, externally sponsored insurgency, is commonly reckoned to be vastly better than that of many other African states and a considerable improvement on that of the South African Administration which preceded us.

The fallacy of including Namibia in the definition of South Africa appears still more clearly from the grounds now advanced by some Members of Congress for more stringent sanctions against South Africa. The South African government has acted against 17 organizations; the Namibian government has not. Furthermore the South African government has not acted against any organizations in Namibia, inter alia, because it does not administer Namibia. As I have noted, Namibia is administered by the Transitional Government of National Unity, a black majority government consisting of six political parties, representing most shades of political opinion, and governing within the confines of a bill of rights, enforceable by the courts.

What can we do to avoid the gratuitous punishment of the Congress Mr. Chairman? We cannot force the Cubans to leave Angola. Their departure is a condition precedent to our independence established by the United States and South Africa. We do not criticize you blindly for this; the presence of more than 40 000 Cuban combat troops just to the north of us, does indeed, as Assistant Secretary Crocker has noted more than once, pose a threat to the possibility of true independence for Namibia, just as it does for Angola. But we cannot understand why we should be punished with economic sanctions because our independence is being delayed by the existence of a Cuban threat to the stability of our region!

Mr. Chairman, may I express the hope that reason will prevail this time around. Namibia is not South Africa. The attempts of some in this Congress to make it so, will not affect that reality. Perhaps the time has come to face facts. We certainly hope so.

It may be of interest to the members of this Committee, Mr. Chairman, that the Council of Ministers of the European Communities, when considering the package of sanctions which they deemed it appropriate to apply against South Africa, deliberately excluded Namibia from the compass of those sanctions. Those Ministers did so, Mr. Chairman, because they understood that Namibia was not the Republic of South Africa, and that Namibia's independence could not be promoted by impoverishing the people of our country.

We have already suffered more than our share, as a result of the provisions of the Comprehensive Anti-Apartheid Act, Mr. Chairman.

Not only have we suffered the indignity of having our country defined as part of another; not only has our economy been penalized quite unreasonably because of the Congress' view of the appropriate response to the failings of another country; but we have been denied even that help which the Congress elected to provide for the "victims of apartheid" and other "disadvantaged South Africans". We are counted as South African, it would seem, when it comes to punitive provisions; our different status is recognized only for the purpose of denying us that assistance which "victims of apartheid" in South Africa are to receive. Can any member of this Committee explain to the people of Namibia how this double penalty will help us to take our place in the community of independent nations?

If the United States wishes to assist Namibians to achieve that independence which we have been denied for far too long, it could do no~~t~~ better than to build on the agreement already reached between your Government and the Soviet Union, to achieve an early withdrawal of Cuban troops from Angola. It should encourage SWAPO to end its campaign of senseless violence, and facilitate agreement between the Namibian parties, including SWAPO, on a democratic constitution for Namibia, including a Bill of Rights. We stand ready to play a full and constructive role in the process; our record to date makes this clear. We hope that you will find that SWAPO is prepared to be equally cooperative. If so, peaceful independence for our country will at last be within grasp.

I thank you, Mr. Chairman.

From The Diary Of Senator Jesse Helms

BY SENATOR JESSE HELMS

RANKING REPUBLICAN, SENATE FOREIGN RELATIONS COMMITTEE

AT THE END of a week touring South Africa, I reached the conclusion that it is impossible to exaggerate the extent to which liberal U.S. politicians and the major news media will go to distort and misrepresent the truth. From early morning until late at night I tried to find even one person who would tell me that U.S. sanctions against South Africa had in any way been helpful towards bringing harmony, economic progress, or political equity to that troubled country. I talked with men and women in all walks of life and of all races. Mainly I talked with farmers and workers struggling to make a living amidst the frustrations caused by U.S. sanctions. I talked with whites, with coloreds, with blacks, and with Indians.

Without exception, these people bitterly denounced the destruction of jobs that the U.S. Congress callously caused when it sanctimoniously rejected President Reagan's warning that sanctions would create havoc and hardship among the very people whom Congress piously pretended to "help." I was glad when, immediately upon my return, CONSERVATIVE DIGEST asked me to share some of my observations and reactions to what I heard and saw during my stay in South Africa. What follows is taken from the diary of my journey.

August 23: As our South African Airways 747 touches down in Cape Town shortly after dawn, I remember that almost a year has passed since Senators Kennedy and Lugar teamed up to punish South Africa for its resistance to a takeover by the Soviet Union. The result was that Congress enacted and overrode Ronald Reagan's veto of the so-called "Comprehensive Anti-Apartheid Act of 1986."

In my judgment, it was perhaps the most hypocritical action ever taken by the U.S. Congress. It was, in fact, yet another exercise in self-flagellation by "liberal" politicians determined to atone for the fantasy sins of the Free World. Surely the Kremlin resounded with cackles of joy and amusement. Why not? Once again the Communist cause had been advanced; another helping hand had been extended to the Soviet plan to capture the continent of Africa.

August 29: Having traveled South Africa's countryside and visited the cities of Cape Town, Durban, Soweto, Johannesburg, and Pretoria, I am conscious that *not one* person told me that U.S. sanctions or disinvestment were anything but perverse and counterproductive. To the contrary, many men who had lost their jobs in the wake of U.S. sanctions shook their heads in bewilderment. There were tears in their eyes as they described the distress of hundreds of others who, like themselves, had been devastated by the political hypocrisy in Washington, D.C.

Let me stress that many of my conversations of the past week must remain confidential because they involved black people who had been beaten or firebombed by the supporters of the African National Congress (A.N.C.) and followers of Nelson Mandela, Winnie Mandela, and Bishop Desmond Tutu.

I did not, of course, meet with Communists or their sympathizers. In my experience, Communists do not think for themselves but only repeat the party line. I did meet with people of every other political stripe — from the Labor Party to the Progressive Party, to the National Party, and to the Conservative Party. I *sought* divergent opinions. Yet all of these people shared one conviction: U.S. sanctions are moving South Africa closer to Communism.

My firm conclusion is that the imposition of U.S. sanctions against South Africa was self-defeating and contradictory. And do not misunderstand me: I don't know of even one U.S. Senator who favors the policy in South Africa known as apartheid. All Americans believe that every individual should have the right to seek the full development of his or her talents, without restriction to race, creed, or color. But my experience in South Africa made it clear to me that most South Africans are working to find a solution to a problem that highly developed countries like the United States do not encounter.

That problem is this: When you have a Third World economy and a Developed World economy living side by side, how do you establish them in a single political system without wrecking the whole? How do you save political and economic freedoms during the transition to a fully developed economy for all? The choice is quite simple: (1) Find a plan which in the long run will give freedom and economic development to all, and proceed with care and determination; or

(2) sink the whole system and wreck the fragile economy by trying to bring everyone up to the same level by fiat and decree.

A Soviet Solution. Needless to say, the Soviet Union has its own solution for South Africa's problems: Destroy the existing free economy that is closely allied with the United States and Europe, and replace it with a socialist economy that is totally beholden to Communism. That would not only enslave all the peoples of South Africa, thus denying this treasure house of strategic minerals to the United States and to NATO defense forces, it would also interdict the strategic shipping lanes around the Cape of Good Hope that keep Europe supplied with most of its oil.

The Soviet strategy is quite simple. Since 1921 the Soviets have been attempting to exploit the racial differences among the black nations of South Africa, turning black against black, as well as black against white. The principal tool for this exploitation has been the African National Congress — originally a nationalist group organized among members of the Xhosa tribe, but later taken over lock, stock, and barrel by the Soviet Union working through the South African Communist Party. Today two-thirds of the leadership group of the A.N.C. are Xhosa Communists beholden to the Soviet Union.

By contrast, the much more numerous Zulus are fiercely anti-Communist and actively favor free enterprise. They are equally opposed to apartheid, under their leader Mangosuthu Buthelezi. But for that very reason, perhaps, the U.S. State Department and certain self-righteous Senators won't give the Zulus the time of day.

The fatal flaw in the Kennedy-Lugar sanctions is that their legislation virtually recognizes the A.N.C. as *the* legitimate successor to the present Government of South Africa. It imposes various economic and political sanctions on South Africa unless the South African Government takes specific steps to recognize and negotiate with the Communist A.N.C. That's why President Reagan vetoed the Kennedy-Lugar bill. But for reasons totally unrelated to South African realities, a host of U.S. politicians thought it was clever domestic politics to condemn South Africa to Communism. Congress overrode President Reagan's veto. Now, a year later, I was in South Africa to see what Congress really wrought in 1986.

But I digress. Let's go back to our arrival in South Africa.

August 23: As the plane circles D.F. Malan Airport in Cape Town, the Cape itself sparkles in the sunlight, a jewel in the midst of a blue velvet sea. False Bay circles around to terminate in Simonstown, the most important naval base in all of Africa, imposing a military presence upon one of the most important sealanes in the world. Fortunate we are, I think, that this base is in the hands of a nation which has been faithful in its friendship towards the United States, the West, and Western values.

Soon our hosts are taking us up the driveway of Mount Nelson Hotel, lined with stately royal palm trees. The Mount Nelson is a genteel relic of British colonialism, the place where Winston Churchill, then a young journalist, wrote his dispatches about the Boer War.

August 24: We have come to South Africa at the invitation of the South African Agricultural Union, a group equivalent to the American Farm Bureau Federation in the United States. The Agricultural Union is a private organization representing 75,000 South African farmers — virtually all farmers, and of every race, who are producing food for the free market. I never travel at the expense of the U.S. taxpayer, and, as former Chairman of the Senate Agricultural Committee, I am grateful to be a guest of these sturdy farmers and stout practitioners of the free-enterprise system in which I believe.

It is early in the morning, and we have already taken a longish drive through the mountains to the fruit-growing area. The Cape was originally settled by the Dutch in the 17th Century as a provisioning station for ships making the long journey around Africa. The settlers grew fruits and fresh vegetables to provision the ships. Today, the fruit market is highly developed, thanks to entrepreneurs who saw not only a need but an opportunity to take advantage of the reversal of seasons between the Northern and Southern hemispheres. It is early spring here now.

We are sitting in the modern offices of Kromco, an apple-packing cooperative. Kromco has been shipping fruits for fifteen years, ever since the market was discovered for high-quality, hand-selected, and hand-wrapped fruit. Kromco now ships 65,000 metric tons of fruit a year — and it is only one of many such packers. South Africa's farming entrepreneurs have created 1,270 jobs in the packing operations of Kromco alone.

Most of these jobs are held by the Cape coloreds — an Afrikaans-speaking ethnic group whose ancestors include Dutch settlers and Hottentots. The coloreds have virtually nothing in common with the blacks, except that they shared an economically and politically depressed cultural community under the apartheid system. One reason for the striking dismantlement of apartheid over the past ten years has been the rapid economic advancement that occurred when the job market opened up for South Africa's colored people.

Of the permanent staff at Kromco, 64 percent are colored men. These are workers who never before had permanent jobs. Now, not only do they have an income they can count on, but they are moving up into supervisory and managerial slots. Before U.S. sanctions, they could count on a steady job, a home for their families, and steady education for their children. There was good reason for them to stay on the farms, instead of going off to the city or distant work sites, looking for jobs that didn't exist.

But now these men have a made-in-America problem. Because of the Kennedy-Lugar sanctions, Kromco can't ship fruit to the United States.

About 48 percent of the apples packed by Kromco are of the "Granny Smith" variety, a tart green apple much appreciated by Americans. Indeed, the Granny Smith orchards were planted especially for the U.S. market, and this apple is not popular among Europeans and elsewhere. Because of sanctions, for the first time Kromco has had to cut back drastically on the hiring of seasonal workers, and place a freeze on permanent employees, with heartbreaking results for those trying to climb the economic ladder.

As we sat in the board room of Kromco, the directors were frank. The Kennedy-Lugar sanctions were already taking away the jobs of their employees. At some point there would have to be even more cutbacks. Their managers are demanding that the expensive hand-wrapping of the apples be eliminated, along with the workers who are doing the wrapping. The directors show us plans for a new million-dollar cold storage building — a project the board cannot approve as long as the uncertainty of sanctions hangs over the future.

On The Farms. Soon we are being taken around the Oak Valley farm, one of the member growers of Kromco. Under the Southern Cross, signs of spring are emerging. Early plums are in bloom, and wildflowers peek out of every ditch. This is a family-owned corporate farm, with workers living with their families in neat houses of the Cape Dutch style with high gable ends. Scattered in twos and threes in nooks and corners of the farm, each is sparkling white, the porch covered with a trellis bearing grapevines or bougainvillea, little hedges, and gardens all around.

"Who lives in these houses?" I ask. "The farmhands," is the answer. The housing is free to every category of worker. The water is free. The electricity is subsidized. The TV aerials are free. Telephone installation is free. Firewood is free (each house has a fireplace).

Moreover, food is subsidized, the farm's fruit is free in season, work clothes are subsidized, there are two weeks of paid vacation and seven paid holidays. Medical care at the farm clinic is free, with 50 percent of outside hospital bills paid. A construction project on the farm turns out to be the Oak Valley Sports Club's new clubhouse, which organizes and pays the costs for competition in rugby, soccer, cricket, tennis, and netball.

We stop at a pleasant L-shaped building, set behind flowerbeds and hedges. It is the day-care center, free to women employees on workdays. The children receive three free meals and free clothing. As we enter, the youngsters gather around, shy and wide-eyed, one group in pink sweaters, another in red, with their respective nannies in tow.

Almost all of the employees are Cape coloreds, reaching high up into the management levels. One of our guides is such a man who has worked his way up the ladder. He is now the manager of the irrigation system, which includes five dams. He lives in a manager's house. As we drive by his home, he proudly points out that his gardener is getting his rose beds ready for the season.

All the jobs on this farm are open on the basis of equal opportunity. The sports facilities are open to all races. A white manager points out that his house is exactly the same as the house of the colored irrigation manager.

"How did all this happen?" I ask. "We always tried to provide decent housing," came the reply. "But about ten or fifteen years ago, as the export opportunities opened up, we realized we had to take steps to hold our trained employees on the land. What we had to do was to offer them a way of life, not only to hold them, but to hold their families together. But we can't continue this social development without economic development."

No Potemkin Village. As we leave Oak Valley farm, the thought occurs to me that my hosts are obviously taking me to the most outstanding example. How many other farms are like this? On a short visit, there is no time for a thorough survey. Yet as we drive through the lush fruit country we pass by a number of such farms. We can see the staff housing, and it too is obviously very substantial and well-organized.

We stop at another farm. Like many fruit producers in the United States, it relies heavily on migrant labor, bringing in blacks from the tribal homelands in the north. But the hostels for the migrant workers are like nothing in the United States. Here the buildings are circular, with conical roofs, just like the village houses the workers left behind — except these are made of solid masonry and stucco. The houses themselves are arranged in a circular plan reminiscent of the village; and in the center is an open fireplace and roofed seating for evening council fires.

"Our migrant workers are very loyal to us," the manager explained. "We have the same people coming back to us year after year. We operate our own buses to carry them back and forth."

Nearby are rectangular bunkhouses, built to fit the cultural patterns of workers from a different area. We are invited inside, and we find tile floors, sturdy tables, clean facilities. Most of the workers are out applying the dormant spray to set the apple buds, but one man is cleaning kettles in the kitchen. "What do you do?" I ask.

"I work," he says in his sparse English.

"But what kind of work do you do?" I respond.

"I cook," he says.

And indeed he does. The farm always hires cooks from the same place as the farm workers, so that the workers will have the familiar food they enjoy at home. What is clear is that these black workers will not long have the familiar food they are used to on the farms in the Cape *unless the Kennedy-Lugar sanctions bill is repealed.* Indeed, they and their families back in the homelands will be made to suffer not only indignities but deprivation because America's liberal politicians wanted to grandstand as noble benefactors of South Africa's blacks and coloreds.

And so it goes. We visit farm after farm. In one where flourishing vineyards are cultivated, we meet a colored worker who has been laid up for five months — at full pay — after he broke his leg in a soccer game. At others we meet some elderly colored workers who have retired, but still live rent-free in the comfortable houses where they spent their productive years.

We meet also with officials of the Rural Foundation, a multi-racial group that is working with coloreds and blacks on the farms to improve their lives. The Rural Foundation will not go to a farm unless there is full cooperation from the farm owners and managers, including financial support. The Foundation works directly with the farm community, offering courses in homemaking, family counseling, skills improvement, civic development, and vocational education.

It is significant that the Rural Foundation was founded by a white farmer, Mr. Okkie Bosman, and a colored sociologist, Mr. Herman Bailie. Mr. Bailie soon found that he had whites eagerly working under him — at that time a novel situation in South Africa, but one that is familiar today. Moreover, the farm owners got deeply involved on a personal level to improve the working conditions and personal situations of their workers. Wives of white farmers pitched in to teach nutrition and practical nursing to the colored and black farm women.

The foundation now operates on 5,000 farms, and has a backlog of 5,000 more that want to participate. But, thanks to U.S. sanctions and the disinvestment program, funding is short as the economy tightens. Only one major U.S. corporation, International Harvester, has made a substantial financial contribution. While other U.S. corporations are turning tail and running, International Harvester has made a decision to stay and help the people — all the peoples — of South Africa to develop a positive future.

Meet Anton Rupert. One evening during the week of my visit we had dinner in the little town of Stellenbosch, the center of the Afrikaans-speaking world. Our hosts were Dr. and Mrs. Anton Rupert. Dr. Rupert is known worldwide as a wealthy man who started with virtually nothing, opened a dry-cleaning establishment in Stellenbosch, and shrewdly built up a billion-dollar empire. He owns major tobacco interests in Durham, North Carolina; Richmond, Virginia; and London, England.

But, to look at him now, you would never know that. It is true that we are sitting in a mansion, but the mansion is not his; it belongs to his company and is used only for guests. Dr. Rupert and his wife still live in the small house in Stellenbosch where they started. Mrs. Rupert is a gracious lady, and equally down to earth. "I told Anton," she says, "that I would never live in a house with ten bedrooms." And they don't.

Dr. Rupert is the living embodiment of the advantages of the free-enterprise system. A stout anti-Communist, he is also an articulate exponent of freedom. "Jobs are the answer to peace in South Africa," he says. "The present scenario of internal problems began when the Ford plant was closed in Port Elizabeth, throwing 2,500 people out of work. That's where the agitation started, with genuine grievances. If we had invested a billion dollars in jobs at that time — if we had allowed the free-enterprise system to work — we would have had millions more with a stake in society."

Anton Rupert goes on: "But the government does not know how to create jobs. The big corporation does not know how to create jobs. Only the small entrepreneur knows how to create jobs. In fact, in all the developed countries, the new jobs are created only by the small entrepreneurs."

Dr. Rupert then explains how he and some friends had worked to set up a corporation whose main purpose was to provide facilities, space, and capital to small businessmen on a nonracial basis. To do this, he says, he had to jump over a lot of bureaucratic regulations in the economic sphere that were hindering business development. Eventually when the bureaucrats saw that his ideas were working and providing jobs at no cost to the government, they just gave in. "Small is beautiful," Dr. Rupert smiles.

The evening ends and we head back to Cape Town. The short journey back gives me time to think. Surely there is a lot of hope for this country when men of all races and classes are working together for a sound future. Surely the key to this sound future is the changes that come, willy-nilly, with a burgeoning economy. In a country with so much goodwill, where so much progress came before American politicians ever realized the personal domestic political benefits they could acquire for themselves by imposing sanctions on a country they didn't represent, surely there is much to be hoped for.

Such political hypocrisy! Clearly, the Kennedy-Lugar sanctions must be repealed.

August 29: As the week ended, I pondered the fact that I had talked to a wide variety of people, from tribal-based workers to sophisticated millionaires. I hadn't found one person who was willing to give up his job, his accomplishments, or his future so that the Communists could come in and take control.

Yet that is exactly what Senator Lugar, Senator Kennedy, and the left-of-center establishment have orchestrated. They want to recognize a small group of Communists who are based in one tribal grouping as *the* legitimate representatives for all the diverse South African peoples. They are willing to destroy jobs, to create turmoil, unhappiness, and bitterness. They are willing for millions of people on the other side of the world to pay a high price in human misery to bring about what they *call* a "democracy" but which is really not democratic in the least.

What they call democracy is the death of democracy, the death of freedom. It is in fact the eternal economic and political death called Communism.

PREPARED STATEMENT OF MEG VOORHES, ASSISTANT DIRECTOR, SOUTH AFRICA REVIEW SERVICE, INVESTOR RESPONSIBILITY RESEARCH CENTER,

BEFORE THE
COMMITTEE ON FOREIGN RELATIONS,
U.S. SENATE
WASHINGTON, D.C.

JUNE 23, 1988

Mr. Chairman and other committee members, I am pleased to testify today on the issue of black South Africans' attitudes on sanctions.

I speak today as the assistant director of the Investor Responsibility Research Center's South Africa Review Service, and as the author of a report published this month by IRRC entitled Black South Africans' Attitudes on Sanctions and Disinvestment, which I also submit for the hearing record.

IRRC was founded in 1972 by institutional investors to provide impartial reporting and analysis on public policy issues involving U.S. corporations. From the beginning, South Africa, and the role and impact of American firms and other multinational firms with operations there, has been a major focus of our research. Our work is financed primarily by fees paid by the more than 350 institutional investors--universities, pension funds, investment management firms, banks and insurance companies--that use IRRC's research to assist them in developing and implementing investment guidelines related to the question of U.S. investment in South Africa. IRRC does not recommend policies or actions. Our objective research and analysis inform clients and policymakers as they make their own policies and decisions.

Except for their purchase of our publications, IRRC receives no funds from American firms with operations in South Africa or from the U.S. government.

Since 1980, I have made six extended research trips to South Africa, most recently in October 1987, when I conducted in-depth interviews with representatives of several major black political organizations on the question of black South Africans' attitudes toward disinvestment and sanctions as a means of bringing an end to apartheid. In my remarks today, I will summarize these views, and I also will examine six public opinion surveys that have been conducted since 1984 on this question.

As far as can be determined by public opinion polls, the majority of Africans in South Africa do not advocate that U.S. and other foreign companies withdraw from South Africa and do not favor other economic sanctions against South Africa as a tactic to help end apartheid if those measures will also increase black unemployment. These six surveys are as follows:

-- A June 1984 survey of 551 urban African workers conducted by Lawrence Schlemmer, a South African sociologist.

-- An August 1985 survey of 400 urban Africans sponsored by The Sunday Times (of London).

-- A September 1985 survey of 800 urban Africans conducted by Mark Orkin, a South African sociologist, and his research firm, CASE (Community Agency for Social Enquiry).

-- A March 1986 survey of 1,338 urban Africans conducted by the Human Sciences Research Council, a research agency affiliated with the South African government.

-- A survey, conducted in June and July of 1987, of 1,004 African coal miners that was sponsored by the German Africa Foundation, which is based in Bonn.

-- A survey of 800 urban and rural Africans conducted by Mark Orkin of CASE in August and September 1987.

Three of these polls--the 1984 Schlemmer survey, the 1985 Orkin Survey and the 1986 survey by the Human Sciences Research Council--corroborated that a substantial minority of urban Africans--approximately 25 percent--advocate disinvestment by foreign companies. The two most recent surveys of blacks' attitudes on the more general issue of sanctions found a hard core minority ranging between 14 and 26 percent that favored economic sanctions in the struggle against apartheid even if they caused many blacks to lose jobs. What almost all of these polls also show is that many more blacks might conceivably support sanctions and disinvestment if they were convinced that such actions would not increase black unemployment.

Some of the polls also show that many blacks are not convinced that disinvestment and sanctions will help to end apartheid. The 1987 Orkin survey found respondents were nearly evenly divided as to whether sanctions would actually work in helping to end apartheid. The 1986 survey by the Human Sciences Research Council, in asking whether disinvestment or increased investment would be the most helpful in ending apartheid, found that only 26 percent of its survey respondents believed in the efficacy of disinvestment, compared with 43 percent who thought that increased investment would do the most to end apartheid.

Some of the ambivalence expressed in the black opinion surveys is reflected by the leaders of organisations that have large black constituencies. The policies of major union, political and church organizations range from unconditional support for comprehensive economic sanctions, to support only for sanctions that will not increase black hardship, to adamant opposition to any form of sanctions or disinvestment.

Organizations that express unconditional support for sanctions, including disinvestment, until apartheid is ended are the two exiled liberation movements, the African National Congress and the Pan-Africanist Congress, and, inside South Africa, Azapo and the National Council of Trade Unions, both of which subscribe to the black consciousness philosophy. Another organization that appears to favor comprehensive economic sanctions, including disinvestment, is the South African Council of Churches, although its resolutions are not binding on member churches. Although the SACC is continuing to study the sanctions issue, it recently approved the "Lusaka Statement," which calls upon churches to urge the international community "to apply immediate and comprehensive sanctions to South Africa and Namibia."

Archbishop Tutu of the Anglican Church also supports economic sanctions against South Africa, but only as a way to goad Pretoria to release political prisoners, allow free political discussion and association, and enter open-ended political negotiations with representatives of the black majority population, at which point Tutu would call for economic sanctions against

South Africa to be suspended. Tutu has implied that he favors comprehensive sanctions, and at the same time he has said that he cannot tell countries which sanctions to impose, although his personal assistant told IRRC in October 1987 that Tutu believes that bans on foreign bank lending are especially effective. In March this year, however, he proposed that Western countries that are reluctant to impose such stringent measures should at least cut off diplomatic relations with South Africa.

The South African Catholic Bishops Conference and the Cape Action League differ from the organizations just cited in that while they believe sanctions can help to pressure the government to end apartheid, they are anxious that sanctions not be imposed that will destroy the economy or increase black hardship. Both organizations appear to be trying to identify sanctions that can be applied for specific, tactical purposes without weakening blacks.

The Congress of South African Trade Unions, which is the largest union federation in South Africa and which increasingly is voicing the political concerns of its members as the state of emergency restricts black political organizations, treats sanctions and disinvestment separately. At its 1987 national conference, Cosatu adopted a resolution calling for comprehensive economic and diplomatic sanctions against South Africa. The union federation did not specifically call for disinvestment, however, but only for foreign companies to negotiate the terms of their disinvestment with the representative union well before the planned disinvestment date. In contrast, at its 1985 founding conference, Cosatu had approved a resolution that supported disinvestment as an essential and effective form of pressure on Pretoria.

The new, toned-down language on disinvestment appears to reflect the realization of many Cosatu affiliates that the way foreign companies have disinvested to date has often hurt the interests of their members. Ideally, many Cosatu union members would like to see the world impose comprehensive sanctions in one decisive blow that would disable the minority government relatively quickly. Instead, they have been forced to deal with a situation where disinvestment and sanctions have been imposed piecemeal, which hurts their members' interests but does not visibly affect the white establishment.

The United Democratic Front, no longer an active organization under the emergency regulations, apparently never revised its 1985 policy on foreign investment. This called upon foreign businesses to make no new investment in South Africa, to end "all forms of financial and material assistance" to the South African government, the homelands and South African business, and to extend economic and sport boycotts.

The only major organization with a black constituency to oppose sanctions and disinvestment is Inkatha, the largely Zulu organization headed by Gatsha Buthelezi, the chief minister of the KwaZulu homeland. Buthelezi and Inkatha have argued that no actions should be taken that will increase black unemployment or hardship and that black privation will not help to end apartheid.

I realize that this is a very brief summary of the views of black South Africans on sanctions. Accordingly, I would like to refer you to my longer report, which I have submitted for the written record.

APPENDIX I. COMPARISON OF PUBLIC OPINION POLLS

Schlemmer survey (June 1984, 551 urban African workers)

1. "One man, Samuel, says: Overseas people and banks and companies must stop buying South African goods and stop sending money to build factories in South Africa so as to frighten the South African government into getting rid of apartheid.

   "Another man, Joseph, says: People and banks and companies overseas should continue to buy South African goods and send money to build factories because it makes jobs for all people in South Africa.

   "Which man would you agree with, Samuel or Joseph?"

Samuel (disinvestment)	25 percent
Joseph (investment)	75 percent

2. "There are groups of people in America and England who try to encourage banks and organizations not to put their money in factories which are in South Africa. Do you think this is a good or a bad thing?"

Good thing (disinvestment)	26 percent
Bad thing (investment)	74 percent

3. "Which of the following would you prefer to see happen—what is best?

   "American companies should build as many factories in South Africa as they can, making as many jobs for blacks as they can."

   59 percent

   "American companies should only run factories in South Africa if they can pay blacks high wages, give good pensions and help with housing, even if they make fewer jobs."

   32 percent

   "American companies should not run factories in South Africa because they make the government of South Africa stronger."

   9 percent

The Sunday Times/Markinor survey (August 1985, 400 urban Africans)

1. "Do you think that other countries are right or wrong to impose economic sanctions on South Africa unless South Africa agrees to get rid of the apartheid system?"

Right	77 percent
Wrong	21 percent

2. Do you think that you would suffer personally if economic sanctions were imposed:

Yes	48 percent
No	46 percent

Orkin survey on disinvestment (September 1985, 800 urban Africans)

1. "A lot of foreign companies and banks, that is, companies and banks from overseas, do business in South Africa. They lend money to the government or businessmen, or they run factories here. This is called foreign investment. People and groups in South Africa and overseas have different ideas about foreign investment. There are three main views. Which of the three views do you support most?

   "—The first view encourages investment. This view says that foreign firms help South Africa to grow, so they should be encouraged to invest here freely. This view is supported by P.W. Botha and the Nationalist Government, by businessmen like Harry Oppenheimer, by Chief Mangosothu Gatsha Buthelezi and Inkatha, and other homeland leaders."

   26 percent

   "—The second view wants to limit or restrict investment. This view says that foreign firms should not be allowed to invest here unless they actively pressure the government to end apartheid, and recognize the trade unions chosen by the workers. This view is supported by Bishop Tutu, by the trade unions in Fosatu and Cusa, and by the S.A. Council of Churches."

   49 percent

   "—The third view wants no investment. This view says that foreign firms only help to keep apartheid alive and exploit blacks, so foreign firms should not be allowed to remain here at all. This view is supported by the ANC and the PAC, Azapo, many members of the UDF, and some trade unions."

   24 percent

2. "We have asked you about foreign investment. We noted that some groups want to limit foreign investment or stop it altogether. This is called disinvestment. These groups want disinvestment in order to pressure the government to end apartheid. Do you think that disinvestment will actually help in pressuring the government to end apartheid?"

Yes	57 percent
No	33 percent
Don't know	10 percent

3. If few/many blacks lose their jobs as a result of disinvestment, is the sacrifice worthwhile?

Yes to both questions	26 percent
Yes to first question only	25 percent
No to both questions	48 percent

Human Sciences Research Council survey (March 1986, 1,338 urban Africans)

1. "Should the outside world apply an economic boycott against South Africa or not?"

Yes	26 percent
No	68 percent
Don't know	6 percent

2. Those who answered "yes" to this question were then asked whether they would still favor economic boycotts if it meant losing their jobs. The responses:

Yes	75 percent
No	23 percent
Don't know	2 percent

3. "What will help the most to get rid of apartheid: If the outside world withdraws its money (disinvests) from South Africa or if it lends more money in South Africa?"

Withdraws its money	25 percent
Invests more money	43 percent
Neither will help	17 percent
Don't know	16 percent

German Africa Foundation survey (June–July 1987, 1,004 African coal miners)

1. "Some groups overseas are calling for governments in Europe to make their criticisms of the South African government known by now buying South African products, including coal, and by not allowing money to go to South Africa for factories and mines. This is called sanctions. Do you think that such sanctions are a good thing, a bad thing, or are they good in some ways and bad in some ways?"

Good thing	21 percent
Bad thing	70 percent
Ambivalent	9 percent

2. "What do you think the South African government will do as a result of sanctions?"

make no improvements	19 percent
make small improvements	24 percent
make far-reaching changes	36 percent
resign	19 percent

3. "If sanctions were to cause the South African government to resign in a number of years' time, would you:"

support all sanctions	34 percent
support sanctions which did not harm you	30 percent
oppose sanctions or don't know	36 percent

4. "If sanctions were to cause many people to lose their jobs, but also cause the South African government to resign after a number of years, would you:"

support all sanctions	26 percent
(percentages not given for other responses)	

Orkin survey on sanctions (August-September 1987, 800 urban and rural Africans)

1. "Some governments overseas are applying sanctions against apartheid. This means that they have prevented the South African government and businessmen from getting loans from overseas, and prevented them from selling and buying goods and products overseas.

   "People and groups in South Africa have different views about sanctions. There are three main views. We have laid them out on this card. (The respondent is handed a card.) Let us go through them together.

   "The first view opposes sanctions. This view says that everyone benefits when the South African economy grows, and that sanctions will slow down economic growth. This view is supported by P.W. Botha and the Nationalist government, by the PFP, by businessmen like Harry Oppenheimer and by homeland leaders like Chief Buthelezi.

   "The second view wants conditional sanctions. This view says that sanctions are a peaceful way of pressuring the government until it provides the conditions for democracy, i.e, stops the Emergency, frees political prisoners, unbans political movements, and does away with apartheid. Once the government provides these condtions, sanctions can be stopped. This view is supported by Archbishop Tutu, by trade unions in Cosatu and Nactu, and by the S.A. Council of Churches.

   "The third view wants unconditional sanctions. This view says that the Nationalist government will never agree to provide the conditions of democracy. So sanctions must be applied until the government is forced to hand over power to the representatives of the majority of people in South Africa. This view is supported by many leaders and members of the ANC, PAC, UDF and Azapo.

   "Which one of the views do you support most?"

opposition	26 percent
conditional support	46 percent
unconditional support	21 percent
don't know	6 percent

2. Will sanctions work in ending apartheid?

Yes	41 percent
No	42 percent
Don't know	17 percent

3. Support for sanctions if some/many blacks lose their jobs:

Yes to both questions	14 percent
Yes to first question only	26 percent
No to both questions	60 percent

APPENDIX II: SUMMARY OF THE VIEWS OF MAJOR SOUTH AFRICAN GROUPS ON SANCTIONS

Groups	Position on Disinvestment and Other Sanctions
African National Congress	Supports disinvestment and comprehensive economic sanctions until apartheid is ended.
Pan-Africanist Congress	Supports comprehensive economic sanctions until apartheid is ended.
Cosatu leadership	Unofficially supports disinvestment but officially says only that disinvesting companies should notify unions on such decisions in time for unions to negotiate the terms of the disinvestment with the company. Supports comprehensive sanctions.
Cosatu affiliates	CWIU says that all proceeds from sale should be turned over to union and that the disinvesting company should guarantee workers' wages for a year after the pullout. Numsa approved of Ford retaining non-equity ties with its former subsidiary to allow it to remain in operation.
Nactu leadership	Supports comprehensive economic sanctions, including disinvestment, until apartheid is ended.
UDF leadership	Foreign governments should "extend economic sanctions and sports boycotts." Foreign business should stop all forms of financial and material assistance to the Botha government, the homelands and South African business.
Azapo	Supports disinvestment and comprehensive sanctions.
Cape Action League	The calls for comprehensive sanctions are misguided in the short term. Supports selective, short-term sanctions that will not harm blacks.
Archbishop Tutu	Proposed idea of conditional investment in 1983. Has said that foreign governments should impose and extend economic sanctions against South Africa but has not specified which sanctions they should impose. In 1988, proposed that Western governments break off diplomatic ties as "minimal alternative to economic sanctions."
S.A. Council of Churches	Supports disinvestment and comprehensive economic sanctions.

Catholic Bishops Conference	Supports increased economic pressure on South Africa provided it will not destroy the economy and is done in such a way as to minimize black suffering.
Chief Buthelezi/Inkatha	Opposes disinvestment and other sanctions.

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BLACK SOUTH AFRICANS' ATTITUDES ON SANCTIONS AND DISINVESTMENT

by Meg Voorhes

June 1988

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INTRODUCTION

As of this writing, a bill is pending in the U.S. Congress that would impose comprehensive economic sanctions by the United States against South Africa as a way of pressuring Pretoria to end apartheid and to begin negotiations with representative black South Africans for a new constitution acceptable to the black majority. Pressures are also building in other Western countries for further sanctions against South Africa. These actions raise the question of how South African blacks, the victims of apartheid, view these international efforts on their behalf. This report presents the views of influential black South African organizations and leaders across the political spectrum on the question of economic sanctions, as well as the results of several public opinion polls that have attempted to gauge black South Africans' opinion on this issue. Although many prominent black South Africans have expressed views on this issue, this report concentrates on the major black union federations and on those leaders and organizations that have identifiable black constituencies.

This report updates and expands a July 1986 report by IRRC entitled "Black South African Views on Disinvestment." A number of important developments have occurred to justify an update.

One is that in mid-1985, when IRRC interviewed several unionists and other black leaders for the original report, sanctions and disinvestment were both fairly abstract concepts, since few sanctions had been imposed by foreign countries against South Africa and only a handful of U.S. companies had sold or closed their South African operations. Since Jan. 1, 1986, however, more than 100 U.S. companies have sold or closed their operations in South Africa, and several others have announced their intentions to do so. In September 1985, President Reagan issued an executive order that imposed a ban on lending to the South African public sector and on importing krugerrands. A year later, over the president's veto, the U.S. Congress enacted the Comprehensive Anti-Apartheid Act, which bans almost all new loans to, or investment in, South Africa, prohibits certain exports, and bars imports from South Africa of coal, uranium, iron and steel, agricultural products and products of state-owned corporations with the exception of certain strategic minerals. The Commonwealth nations—with the exception of Britain—agreed in August 1986 to ban new investment or loans to South Africa and to prohibit imports of South African coal, uranium, iron and steel and agricultural products, among other actions. A month later, European Community countries agreed to ban new investment in South Africa and not to import South African iron and steel or krugerrands. A number of countries, including Japan, have imposed similar or additional sanctions unilaterally. As a result of these developments, many black activists in South Africa have more concrete examples of the impact of sanctions and disinvestment.

In addition, developments within South Africa since mid-1985 have influenced blacks' attitudes toward sanctions. The country is in the grip of the second state of emergency to be imposed since July 1985. The current state of emergency has drastically limited the ability of the media—from the major daily newspapers to community newsletters—to report and comment on the news. The emergency regulations also have made it even easier for the state to detain community activists incommunicado indefinitely. The economic situation has also exacerbated blacks' hardship. The economy continues to have rates of inflation and unemployment in the double-digit range. Black unemployment is widely estimated at 35 percent.

Finally, some of the organizations whose views IRRC solicited in 1985 have regrouped, or revised their policies. The Congress of South African Trade Unions (Cosatu) recently revised its position on sanctions and disinvestment at its national conference. Another union federation mentioned in the 1985 report, the Council of Unions of South Africa (Cusa), has since merged with another black union grouping to form the National Council of Trade Unions (Nactu).

The most recent shakeup of organizations was of a more ominous nature. At the end of February 1988, the South African government, wielding its emergency powers, banned 17 anti-apartheid organizations, including the United Democratic Front and the Azanian People's Organization, whose views had been solicited for this study. Although these two organizations may no longer exist except as administrative shells of their former selves, this report includes their positions on disinvestment and other sanctions in recognition of the groups' popularity and influence among significant numbers of black South Africans.

SANCTIONS AND THE SECURITY LAWS

Readers should be aware of an important point. Many of those who support sanctions argue that black South Africans who share their views cannot freely express their opinions without fear of penalty under South Africa's broadly worded security laws. Section 54 of the Internal Security Act states that any person who, with the intent to:

> (a) overthrow or endanger the state authority in the Republic;
> (b) achieve, bring about or promote any constitutional, political, industrial, social or economic aim or change in the Republic;
> (c) induce the government of the Republic to do or to abstain from doing any act or to adopt or to abandon a particular standpoint; or
> (d)...demoralize the general public [or] a particular population group...or induce the said public or such population group...to do or to abstain from doing any act;
>
> ...cripples, prejudices or interrupts...in the Republic any industry or undertaking, or industries or undertakings generally, or the production, supply or distribution of commodities or foodstuffs, or attempts to do so...

or

> performs any act...or takes any steps to perform any act which results in...or promotes or could have promoted the commission of [the above] ..

shall be guilty of subversion. If convicted, the accused may be imprisoned for up to 20 years or, if the subversion occurred with an act of violence, up to 25 years.

Whether this definition of subversion can be interpreted to include advocating disinvestment or other sanctions is not clear. Until recently, many people would have pointed out that the state has never charged anyone under the Internal Security Act for advocating sanctions. (In the mid-1970s, nine black consciousness leaders, the SASO Nine, were charged under the Terrorism Act, a precursor to the Internal Security Act, for, among other things, discouraging foreign investment in South Africa. However, these specific charges were later revised to form part of a count of general conspiracy against the defendants.)

2

Then, in September 1985, Allan Boesak, one of the leaders of the United Democratic Front, was detained for several days to prevent him from leading a protest march on Pollsmoor prison outside Cape Town to demand the release of Nelson Mandela, the leader of the banned African National Congress. Upon his release, he was charged with three counts of political subversion under Section 54. According to the state, the charges were related to meetings that Boesak had attended at which he had advocated school and economic boycotts and disinvestment. The charges were eventually dropped, however, and no one has yet been convicted under the Internal Security Act for advocating disinvestment or sanctions.

Some legal experts within the South African government have disagreed that advocacy of disinvestment is an offense under Section 54, according to Peter Sullivan, a political columnist for The Star of Johannesburg, who described his research in a December 1984 column. He reported that the director of security legislation "said as far as he could make out it was not an offense to advocate disinvestment unless it occurred with an act of violence." According to Sullivan, the director added that "He thought Bishop [Desmond] Tutu [now the archbishop of the Anglican Church for southern Africa] was wrong in saying he could be prosecuted and jailed for five years for merely supporting disinvestment...but I should check this, he said, because he was unsure!" Sullivan added, "The next day the Attorney General of the Transvaal issued a statement to the South Africa Broadcasting Corp. saying he did not believe Bishop Tutu could necessarily be prosecuted simply for advocating disinvestment."

If the Internal Security Act is ambiguous as to the criminality of adovcating sanctions, though, the state of emergency is not. Under the terms of the June 12, 1986, decree imposing the nationwide state of emergency that is still in effect, it is illegal to report "subversive" statements, defined to include statements urging support for boycotts, economic sanctions or disinvestment as well as unlawful strikes, demonstrations, civil disobedience, opposition to compulsory military conscription or opposition to the government's enforcement of the emergency decree.

Moreover, whether the state can successfully prosecute an advocate of disinvestment or sanctions is perhaps moot, given the broad powers the state has to harass and silence its critics. The Internal Security Act, for example, gives the state the powers to detain anyone, without charge, indefinitely. The state of emergency has added to the government's repressive arsenal. Under the 1986 emergency decree, the government issued further regulations on Feb. 24, 1988, to allow it to prevent any organization it chooses from engaging in any activity it specifies, short of routine administration. As noted earlier, the government immediately silenced the United Democratic Front and the Azanian People's Organization under this regulation. It also ordered the major union federation, Cosatu, not to engage in any political activities. All three organizations had spoken favorably of economic sanctions.

Given these conditions, it is notable that so many influential black groups or leaders have spoken as explicitly as they have in favor of sanctions. At the same time, it is doubtful that ordinary black South Africans would be hesitant to express their views anonymously for public opinion polls; the state appears more concerned with silencing public figures who are capable of mobilizing sanctions campaigns. Therefore, it is interesting to focus on six public opinion surveys that have been conducted since June 1984 concerning blacks' views on disinvestment and economic sanctions.

PUBLIC OPINION POLLS

Between June 1984 and September 1987, five disparate polling organizations conducted six surveys into the attitudes of Africans in South Africa toward foreign investment and economic sanctions. Each survey phrased its questions differently, so the surveys are not strictly comparable, and in some cases they produced seemingly contradictory results. Nonetheless, taken together, the surveys indicate that a majority of Africans do not support disinvestment from, or comprehensive economic sanctions against, South Africa, if such actions will also increase black unemployment.

Schlemmer survey: In June 1984, under the sponsorship of the U.S. State Department, Lawrence Schlemmer conducted a survey of black South African workers. Schlemmer is a well known sociologist and pollster at the University of Natal who has close ties to Chief Gatsha Buthelezi of KwaZulu and his Inkatha movement. His survey asked 551 African workers, including 55 employed by U.S. companies, in Johannesburg, Durban, Port Elizabeth and other industrial centers, to list their economic and political grievances, and to give their views on U.S. companies in South Africa, on employers in general, and on the extent to which workers and unions should engage in labor actions in support of political goals.

The survey showed that African workers viewed U.S. companies ambivalently. In the area of labor practices, 70 percent or more of all the workers thought that American companies did better than their South African counterparts in paying blacks, helping blacks with housing and education, and training blacks for better jobs. However, when asked whether Africans, whites, or the South African government benefited the most from U.S. investment in South Africa, only 38 percent thought Africans benefited the most, while 46 percent thought government, and 16 percent thought whites, benefited the most. Among workers employed by U.S. companies, even fewer—26 percent—thought Africans benefited the most from U.S. investment. Moreover, when asked how they viewed employers in general, not just U.S. employers, 91 percent of the workers—including 100 percent of those employed by U.S. companies—said that employers "work with and support the government."

Despite the apparently fairly widespread view among workers that U.S. companies benefit or support the South African government, a large majority expressed opposition to calls on foreign companies to withdraw from South Africa in response to three questions on the issue. The first question was as follows:

> One man, Samuel, says: Overseas people and banks and companies must stop buying South African goods and stop sending money to build factories in South Africa so as to frighten the South African government into getting rid of apartheid.
>
> Another man, Joseph, says: People and banks and companies overseas should continue to buy South African goods and send money to build factories because it makes jobs for all people in South Africa.
>
> Which man would you agree with, Samuel or Joseph?

In response, 25 percent said they agreed with Samuel (disinvestment); 75 percent said they agreed with Joseph (investment).

A reformulation of this question as follows drew nearly the same response.

> There are groups of people in America and England who try to encourage banks and organizations not to put their money in factories which are in South Africa. Do you think this is a good or a bad thing?

Of the 74 percent who answered "bad thing" (pro-investment), the majority explained their opposition by saying they believed it would result in fewer jobs for blacks.

Finally, a third question framed the disinvestment question as a three-way choice, rather than as an either/or question, as follows:

> Which of the following would you prefer to see happen—what is best?
>
> American companies should build as many factories in South Africa as they can, making as many jobs for blacks as they can.
>
> American companies should only run factories in South Africa if they can pay blacks high wages, give good pensions and help with housing, even if they make fewer jobs.
>
> American companies should not run factories in South Africa because they make the government of South Africa stronger.

In response, 59 percent of the workers chose the first statement of unconditional investment, 32 percent chose the second option of conditional investment, and 9 percent chose the third option of disinvestment.

The Sunday Times/Markinor survey: A public opinion survey of 400 urban Africans was commissioned by The Sunday Times of London and conducted by a Gallup affiliate in South Africa, Markinor, in August 1985. The Sunday Times reported to its readers that although the sample size was smaller than usual for political polling in Britain, "where only a few percentage points divide the parties," the maximum probable error was no more than 5 percentage points on any one question.

Asked whether "other countries are right or wrong to impose economic sanctions on South Africa unless South Africa agrees to get rid of the apartheid system?" 77 percent of the respondents answered "right," and 21 percent answered "wrong." The survey noted that 48 percent of those responding said they would suffer personally if sanctions were imposed, while 46 percent believed they would not suffer personally.

Orkin survey on disinvestment: Another study was conducted in September 1985 by South African sociologist Mark Orkin of the Community Agency for Social Enquiry (CASE), in conjunction with the Institute for Black Research (IBR), a black South African research organization headed by Fatima Meer, an outspoken black leftist intellectual. This group surveyed 800 Africans in 10 major metropolitan areas on their political views. Based on the sample size, the sponsors state that the probable margin of error is "at worst 4 percent, and in most instances better than 3 percent."

Three of the nine questions in the survey dealt specifically with the disinvestment issue. The first read as follows:

> A lot of foreign companies and banks, that is, companies and banks from overseas, do business in South Africa. They lend money to the government or businessmen, or they run factories here. This is called foreign investment. People and groups in South Africa and overseas have different ideas about

foreign investment. There are three main views. Which of the three views do you support most?

— The first view encourages investment. This view says that foreign firms help South Africa to grow, so they should be encouraged to invest here freely. This view is supported by P.W. Botha and the Nationalist government, by businessmen like Harry Oppenheimer, by Chief Mangosothu Gatsha Buthelezi and Inkatha, and other homeland leaders.

— The second view wants to limit or restrict investment. This view says that foreign firms should not be allowed to invest here unless they actively pressure the government to end apartheid, and recognize the trade unions chosen by the workers. This view is supported by Bishop Tutu, by the trade unions in Fosatu and Cusa [the predecessors to Cosatu and Nactu], and by the S.A. Council of Churches.

— The third view wants no investment. This view says that foreign firms only help to keep apartheid alive and exploit blacks, so foreign firms should not be allowed to remain here at all. This view is supported by the ANC and the PAC, Azapo, many members of the [United Democratic Front], and some trade unions.

In response to this question, 26 percent supported the first view (investment), 49 percent supported the second view (conditional investment) and 24 percent supported the third view (disinvestment).

The next question was phrased as follows:

We have asked you about foreign investment. We noted that some groups want to limit foreign investment or stop it altogether. This is called disinvestment. These groups want disinvestment in order to pressure the government to end apartheid. Do you think that disinvestment will actually help in pressuring the government to end apartheid?"

In response, 57 percent of the respondents said "yes," 33 percent said "no," and 10 percent said "don't know."

The third question on disinvestment had two parts. The first part asked "if few blacks lose their jobs" as a result of disinvestment, "is the sacrifice worthwhile?" The question was then repeated substituting "many blacks" for "few blacks." The survey found that 26 percent of the respondents were "militant" in that they answered "yes" to both sacrifice questions, 25 percent were "intermediate" in that they answered "yes" to the first question, and "no" or "don't know" to the other, and 48 percent were cautious, answering "no" to both questions.

In an interview with IRRC in June 1985, Orkin had said that he wanted to conduct a new survey on blacks' attitudes toward disinvestment because he believed that the Schlemmer survey was flawed in two major respects. One was that Schlemmer had surveyed only workers, who could be expected to be biased in favor of foreign firms remaining in South Africa, particularly if they were told that disinvestment might result in the loss of their jobs. Schlemmer's survey excluded unemployed Africans, Orkin argued, who might have differing views. Orkin also criticized the Schlemmer survey for posing questions on disinvestment as yes/no questions with no discussion of the conditional investment approach advocated by Bishop Tutu that he first enunciated publicly in a June 1983 speech. (Although the third of Schlemmer's three questions on investment did pose a conditional investment option, the option made investment conditional on progressive employment practices, whereas the conditional investment option in Orkin's survey was more strongly worded, making investment conditional on actively pressuring the government to end apartheid.)

Orkin and Schlemmer have conflicting interpretations of the findings of their respective surveys, relating in large part to whether they view the intermediate approach described in Orkin's survey as conditional investment or conditional disinvestment. In a Sept. 10, 1985, statement describing the results of the survey, CASE and IBR said that it "decisively confirms that a clear majority of urban blacks in South Africa, 73 percent of a nationwide metropolitan sample, support some form of disinvestment as a means of ending apartheid." Schlemmer has rebutted that interpretation, stating that Orkin's survey, like his, found that only about 25 percent of the respondents advocated the total disinvestment approach. Schlemmer argued, in an article in the Sept. 15, 1985, Sunday Times of Johannesburg, that given that Orkin's question on the total disinvestment option described it as being supported by such popular organizations as the ANC and Azapo, "it is surprising that as few as 24 percent of his black respondents supported it."

Schlemmer was more critical of the London Sunday Times/Markinor poll, arguing that the words "economic sanctions" in the key question "may not have been understood by rank-and-file black respondents, and could mean anything from qualified investment to a total trade boycott."

HSRC survey: Another survey of blacks' attitudes toward economic sanctions and other political topics was conducted in March 1986 by the Human Sciences Research Council, a research agency affiliated with the South African government. Established in 1968 by an act of parliament, the HSRC is governed by a council appointed by the Minister of National Education; its major sources of income are an annual grant voted on by Parliament and contracts with private and public sector clients. Despite its government connections, the HSRC has in the past produced major surveys and reports critical of apartheid policy.

In March 1986, the HSRC conducted a survey of 1,338 Africans 18 years of age and older living in African townships in the Pretoria-Witwatersrand-Vaal Triangle (PWV) complex, the industrial and metropolitan areas roughly centered around Johannesburg. The survey was conducted by a team of African fieldworkers from the Division for Indigenous Languages of the HSRC's Opinion Survey Center.

The HSRC survey asked a few questions to ascertain urban Africans' attitudes toward economic sanctions. The first question was: "Should the outside world apply an economic boycott against South Africa or not?" In response, 26 percent responded "yes," 68 percent responded "no," and 6 percent were uncertain. Those who answered "yes" to this question were asked a followup question to determine the certainty of their position, whether they would still favor economic boycotts if it meant losing their jobs. According to the HSRC, 75 percent of this subcategory of 355 people answered "yes," while 23 percent answered "no."

Finally, this question was posed: "What will help the most to get rid of apartheid: If the outside world withdraws its money (disinvests) from South Africa or if it invests more money in South Africa?" In response, 25 percent said disinvestment would do most to end apartheid, 43 percent said increased investment would do most to end apartheid, 17 percent said neither would help, and 15 percent were uncertain. (The HSRC release did not explain why the totals to the four answers to this question came to 101 percent.)

German Africa Foundation survey: In June and July of 1987, the German Africa Foundation, based in Bonn, conducted a survey among 1,004 African miners at six mines in the Transvaal and three in Natal. The actual polling was conducted by the EMNID Institute of Bielefield, West Germany, in association with a Johannesburg firm, IMS. In a foreword to the report on the survey, the president of the German African Foundation, Dr. Karl-Heinz Hornhues, who is also a Christian Democratic member of the German parliament, wrote: "The findings may give some of those who see sanctions as a 'miracle cure' to abolish apartheid in South Africa cause to think, to reconsider their own stance. In any case, the argument that the majority of the black population accepts sanctions and is prepared to make the resultant sacrifices can no longer be upheld."

Before asking workers for their attitudes on sanctions, the poll asked their opinion on various aspects of their jobs. One question asked the miners whether "the search for a new job is: very easy, fairly easy, fairly difficult, very difficult or impossible." In response, 79 percent answered "very difficult," and 14 percent responded "impossible."

The pollsters then asked several key questions on sanctions. Finding that awareness of the sanction issue varies widely from mine to mine, the first question sought to explain sanctions briefly, as follows:

> Some groups overseas are calling for governments in Europe to make their criticisms of the South African government known by not buying South African products, including coal, and by not allowing money to go to South Africa for factories and mines. This is called sanctions. Do you think that such sanctions are a good thing, a bad thing, or are they good in some ways and bad in some ways?

In response, 21 percent said sanctions were good, 70 percent said they were bad, and 9 percent were ambivalent. The report notes that in response to this question, the support for sanctions varied with age and education. Eighty-two percent of the respondents who were over 50 years of age rejected sanctions, while only 56 percent of the most highly educated respondents shared this view.

When asked how they thought they would be affected personally by sanctions, 74 percent believed their incomes would be reduced and 79 percent believed they would lose their jobs. At the same time, the miners also believed that sanctions would have far-reaching political consequences. In response to the question, "What do you think the South African government will do as a result of sanctions?," 19 percent said it would make no improvements, 24 percent said it would make small improvements, 36 percent said it would make far-reaching changes, and 19 percent believed sanctions would cause the government to resign.

A follow-up question asked,

> If sanctions were to cause the South African government to resign in a number of years' time, would you: support all sanctions, support sanctions which did not harm you, oppose sanctions, or are you uncertain?

In response, 34 percent said they would support all sanctions, and 30 percent said they would support sanctions that would not hurt them.

Another variation of this question was asked:

> If sanctions were to cause many people to lose their jobs, but also cause the South African government to resign after a number of years, would you: support all sanctions, support sanctions which do not harm you, oppose sanctions, or are you uncertain?

In response, 26 percent said they would continue to advocate all sanctions. As the report noted, "there is obviously a hard core of miners that supports sanctions at any price comprising approximately 30 percent, whereas a large majority tend to view sanctions skeptically." According to the authors, this hard core includes a disproportionately large number of trade union members, the better educated, people with few children or few dependent relatives, residents of the homelands, foreign workers and surface workers.

Interestingly, although the leadership of the National Union of Mineworkers, the major union organizing black miners, favors sanctions, the black miners surveyed were unclear as to where the union stood. Among the respondents as a whole, 40 percent thought the NUM advocated sanctions, 39 percent thought just the opposite, and the remainder said they were not sure of the union's position. Even among union members, 36 percent believed the NUM was opposed to sanctions, and 11 percent said they were not sure where the NUM stood.

Orkin survey on sanctions: The most recent survey of blacks' attitudes on sanctions was once again directed and supervised by Mark Orkin of CASE; the actual face-to-face interviews and computations were conducted by Research Surveys (Pty.) Ltd., a large South African market research organization, in August and September 1987. This survey differed from Orkin's 1985 survey in that it dealt with sanctions, as opposed to disinvestment. In addition, unlike the 1985 survey, which sampled only urban Africans, the second Orkin poll was conducted among 800 Africans over age 16 "in appropriate proportions" not only from the 10 major metropolitan areas, but also from small town and rural areas throughout South Africa, including the independent homelands.

The main question on sanctions was phrased as follows:

> Some governments overseas are applying sanctions against apartheid. This means that they have prevented the South African government and businessmen from getting loans from overseas, and prevented them from selling and buying goods and products overseas.
>
> People and groups in South Africa have different views about sanctions. There are three main views. We have laid them out on this card. (The respondent is handed a card.) Let us go through them together.
>
> The first view opposes sanctions. This view says that everyone benefits when the South African economy grows, and that sanctions will slow down economic growth. This view is supported by P.W. Botha and the Nationalist government, by the PFP, by businessmen like Harry Oppenheimer and by homeland leaders like Chief Buthelezi.
>
> The second view wants conditional sanctions. This view says that sanctions are a peaceful way of pressuring the government until it provides the conditions for democracy, i.e, stops the Emergency, frees political prisoners, unbans political movements, and does away with apartheid. Once the government provides these conditions, sanctions can be stopped. This view is supported by Archbishop Tutu, by trade unions in Cosatu and Nactu, and by the S.A. Council of Churches.

The third view wants unconditional sanctions. This view says that the Nationalist government will never agree to provide the conditions of democracy. So sanctions must be applied until the government is forced to hand over power to the representatives of the majority of people in South Africa. This view is supported by many leaders and members of the ANC, PAC, UDF and Azapo.

(After offering to repeat the three views, if requested, the pollster then asked,) Which one of the views do you support most?

Orkin found that 21 percent of the respondents expressed "unconditional" support for sanctions, saying they should be imposed until the government transfers power to representatives of the majority, and another 46 percent expressed "conditional" support, saying that sanctions must be applied until the South African government "stops the Emergency, frees political prisoners, unbans political movements and abandons apartheid." Another 26 percent were opposed to sanctions, fearing that they would hurt economic growth, and 6 percent had no opinion.

Moreover, Orkin found that urban respondents were the most radical as a group, with only 14 percent of them opposing sanctions in response to this question. In contrast, 30 percent of rural respondents and 36 percent of their small town counterparts expressed outright opposition for sanctions. Advocacy of sanctions also varied with political affiliation. Orkin found that respondents who identified themselves as supporters of Tutu or of the ANC, the UDF or other radical groups were more likely to favor sanctions than were supporters of Chief Gatsha Buthelezi of Inkatha.

However, subsequent questions in the poll indicate that the apparent support for sanctions, whether conditional or unconditional, initially expressed by 67 percent of the respondents is soft. In response to a question as to whether sanctions will actually work in helping to end apartheid, 41 percent said yes, 42 percent said no, and the remainder abstained.

Moreover, the 67 percent who had expressed at least conditional support for sanctions were then asked if they would stand by their position if sanctions caused either "some" or "many" blacks to lose their jobs. When their responses were tallied with those of the respondents who initially expressed opposition to sanctions, only 14 percent of the national sample were prepared to support sanctions whatever the unemployment costs, 26 percent were prepared to support sanctions only if some, but not much, unemployment would be caused, and the majority—60 percent—said they would be opposed to sanctions if any blacks lost their jobs as a result.

Comparison of surveys: Although a few firm observations about blacks' attitudes toward economic sanctions can be drawn from these six surveys, the surveys also suggest that the type of support that is uncovered for economic sanctions and disinvestment among Africans varies according to the way the question is phrased. The most recent poll, the 1987 Orkin survey on sanctions, dramatically highlights the ambivalent attitudes of blacks toward sanctions. Two-thirds of the 800 blacks surveyed for this poll expressed support for sanctions when they were posed as an option for helping to end apartheid; only 14 percent expressed support for sanctions if they would cause many blacks to lose their jobs.

COMPARISON OF PUBLIC OPINION SURVEYS: TWO KEY QUESTIONS

Efficacy of sanctions in ending apartheid

Orkin disinvestment survey (September 1985)

"Do you think that disinvestment will actually help in pressuring the government to end apartheid?

Yes 57 percent

HSRC survey (March 1986)

"What will help the most to get rid of apartheid: If the outside world withdraws its money from South Africa or if it lends more money in South Africa?"

Withdraws its money 25 percent

German Africa Foundation survey (June–July 1987)

"What do you think the South African government will do as a result of sanctions?

"Resign" or "make far-sweeping changes" 55 percent

Orkin sanctions survey (September 1987)

Will sanctions actually work in helping to end apartheid?

Yes 41 percent

Support for sanctions as a way to end apartheid even if it causes black unemployment

Orkin disinvestment survey (September 1985)

If few/many blacks lose their jobs as a result of disinvestment, is the sacrifice worthwhile?

Yes to both questions 26 percent

HSRC survey

Of the 26 percent of the respondents who said they were in favor of an economic boycott of South Africa, 75 percent said they would still support such a position even if it meant they would lose their jobs.

Favor sanctions despite job loss 19 percent

German Africa Foundation survey (June–July 1987)

If sanctions were to cause many people to lose their jobs, but also cause the South African government to resign after a number of years, would you:

Support all sanctions 26 percent

Orkin sanctions survey (September 1987)

Support for sanctions if many/some blacks lose their jobs:

Yes to both questions 14 percent

Similarly, the Sunday Times and HSRC surveys each included a question about general economic sanctions, yet with almost opposite results. In the HSRC survey, 68 percent said that the world should not apply an economic boycott against South Africa, while 77 percent of the respondents in the Sunday Times survey expressed support for international economic sanctions against South Africa. The discrepancy probably lies in the phrasing of the question. The HSRC, in its question, simply asked, "Should the outside world apply an economic boycott against South Africa or not?," but without attempting to explain the purpose and pros and cons of such sanctions. The Sunday Times survey, on the other hand, asked whether "other countries are right or wrong to impose economic sanctions on South Africa unless South Africa agrees to get rid of the apartheid system?," clearly explaining why one might have reason to support actions that could be detrimental to the South African economy.

Another difference in phrasing between the two questions may also help to explain the discrepancy. While the HSRC asked whether the world should impose an "economic boycott," the Sunday Times asked whether foreign countries are right or wrong to impose "economic sanctions." While many urban Africans may believe that foreign countries should impose at least some economic sanctions against South Africa, they may be opposed to the comprehensive boycott implied in the HSRC survey. Similarly, two-thirds of the respondents to the 1987 Orkin survey initially voiced support for sanctions, but, given the phrasing of the question, many of these respondents may have favored partial sanctions as opposed to a total boycott.

Certainly, when pollsters briefly describe what economic sanctions are and explain that they are advocated by some groups to help end apartheid, only a minority of Africans favor sanctions if they believe they will cause serious unemployment. As the accompanying box indicates, when respondents were asked to measure their support for the political goals of sanctions against the possible costs of unemployment, no more than 26 percent in any poll have expressed support for sanctions. Looking at the two most recent polls, the Orkin survey found that only 14 percent of the respondents were prepared to support sanctions if they would cause many blacks to lose their jobs. The German Africa Foundation found that 26 percent of African coal miners were prepared to support "all sanctions" if they would cause many people to lose their jobs, even though 55 percent of them believed that the imposition of sanctions would cause the South African government to resign or at least to make far-sweeping changes.

THE EXILED LIBERATION MOVEMENTS

Many anti-apartheid activists outside of South Africa have justified their calls for sanctions against South Africa as according with the policies of the two exiled South African liberation movements, the African National Congress (ANC) and the smaller Pan-Africanist Congress (PAC). The ANC was formed in 1912 by African professionals to lobby for the inclusion of Africans in the government of the newly established Union of South Africa. By the 1950s, the ANC had grown into a mass movement capable of organizing major civil disobedience actions. In 1959, a faction of the ANC that opposed its policy of non-racialism and its close association with white Communists broke away to form the PAC. In 1960, both groups were banned for their part in organizing a nationwide campaign against the influx control laws that ended tragically when police killed 69 protesters at Sharpeville, near Johannesburg, on March 21 that year. Prohibited from operating legally inside the country, both movements resolved to continue the struggle through underground tactics and sabotage. After a series of sabotage attacks, which included blowing up power lines and bombing the Johannesburg train station, the principal architects of the ANC sabotage campaign, including Nelson Mandela and Walter Sisulu, were arrested on a farm in Rivonia outside Johannesburg. In the same year, mass arrests also decimated the PAC.

After these blows, both the ANC and the PAC went into a near eclipse. Although both obtained observer status at the United Nations, their ability to influence events inside South Africa was marginal for many years.

The ANC began to emerge once again as a major force in South African politics after 1976, when the government's crackdown on the black consciousness movement caused many young black radicals to flee the country and to join the ANC to continue the struggle. Since the late 1970s, the ANC has stepped up its sabotage campaign inside South Africa and has steadily gained popularity among black South Africans. Recent polls indicate that a plurality of blacks support the ANC. In recent years, several South African delegations—ranging from white businessmen to black unionists—have met with the ANC at its exile headquarters in Lusaka, Zambia.

The PAC, on the other hand, has been much less influential. It has been weakened both by power struggles within its organization and by the waning within South Africa of the black consciousness philosophy in favor of the non-racialism espoused by the ANC and the United Democratic Front. Nonetheless, it, too, appears to be consolidating its position; it recently met with unionists affiliated with the National Council of Trade Unions, a black consciousness-oriented union federation in South Africa.

Both the ANC and the PAC, for many years, have called for comprehensive, international economic sanctions against South Africa.

The ANC's position: Oliver Tambo, the president of the African National Congress, outlined the ANC's position on sanctions in May 1987 in a major speech before a conference of executives of multinational companies organized by British International, a British business research organization. He stated that as the ANC attempts to intensify its dual strategy of armed struggle and mass political mobilization, "we see the need for international sanctions even more urgently than before. We conceived of sanctions and the isolation of the apartheid regime as a weapon which would complement our people's efforts, and not as a substitute." He noted that foreign interests have played a major role in the development of the South African society and economy, and he asserted that foreign trade and investment "have bolstered the apartheid economy and added to the resources which the apartheid state has recklessly wasted in the pursuit of inhuman schemes of so-called social engineering founded on racism."

He also noted:

> Many companies and some banks have in the recent period begun to disinvest. And many governments have imposed limited and selective sanctions. Whilst the tendency is encouraging, it is also true that the process is much of a mixed bag. Essential to the support that we are seeking is not only a stoppage of the flow of funds into the apartheid economy, but an effective withdrawal of funds from that economy. Secondly, we insist that the flow of technology into the apartheid economy be arrested and frozen. Whilst some of the pullouts are clearly genuine, most are highly problematic and it is understandable that we should look at these with a high degree of suspicion. While some of the creditor banks claim that the three-year rescheduling agreement was unilaterally forced on them, some of them are actively

considering converting their short-term loans to longer-term claims that will be repaid in 10 years, thereby diluting the pressure potential that had been built up by the initial refusal to reschedule. Some companies have gone so far as to transfer money into South Africa and arranged for purchasers to repay out of future profits on extremely favorable terms! Is this not a case of business-as-usual, except in name? Perhaps this is more a case that illustrates the capacity of those in business to acknowledge back-handedly the growing power of the campaign for disinvestment and sanctions.

The PAC's position: In an interview that appeared in the Feb. 8, 1988, edition of The Herald of Harare, Zimbabwe, Gora Ebrahim, the PAC's secretary for foreign affairs and acting secretary for publicity and information, discussed PAC policy on a range of issues, including sanctions against South Africa. According to the newspaper's account, Ebrahim said that the PAC would continue to call for the world to impose comprehensive mandatory sanctions against South Africa, and that, in particular, foreign countries should prohibit further imports of South African gold and stop providing oil and bank loans to South Africa.

UNIONS

Congress of South African Trade Unions: Following the imposition of the nationwide state of emergency in 1986, which crippled the operations of the United Democratic Front and many of its affiliates, the black union movement, specifically Cosatu, emerged as the one of the most viable and vocal representatives of black South Africans. Cosatu, formed in December 1985 by a merger of 34 unions, has grown from an initial 500,000 members to more than 710,000 paid-up members in mid-1987, according to its annual report. It is the largest union confederation in South Africa. Moreover, the unions affiliated with Cosatu, although behind the schedule that they originally set for themselves at the founding conference, have largely been able to set aside or resolve differences so as to merge into one union per industry. A major achievement in this regard was the creation of the National Union of Metalworkers of South Africa (Numsa), now the second largest union in South Africa after the National Union of Mineworkers, from seven unions originally affiliated with Cosatu.

In July 1987, Cosatu convened its second national conference to celebrate its growth and to adopt resolutions setting forth its policy on various political and economic issues, including sanctions and disinvestment. At Cosatu's inaugural conference in December 1985, the Cosatu delegates had approved a resolution that "all forms of international pressure on the South African government—including disinvestment or the threat of disinvestment—is an essential and effective form of pressure on the South African regime and we support it."

In preparation for its second conference, Cosatu's Central Executive Committee requested the Community Resource and Information Center (CRIC), a Johannesburg organization serving anti-apartheid groups, to analyze the impact of Western trade sanctions and disinvestment by foreign corporations on the South African economy. The CRIC report pointed out that the South African economy has a number of serious structural problems that sanctions will exacerbate. One is that the major South African industries must export a high percentage of their production to remain viable; the domestic market is too limited to pay for the investment required to establish and maintain these industries. The prices of many of South Africa's major non-gold exports, such as coal, iron and steel, have been falling over time as the industrialized countries have found less energy-intensive production processes and substituted plastics and other synthetic materials where metals once were used. The CRIC report cited an estimate by the staff economist for Johannesburg Consolidated Investments, a major South African corporation, that without sanctions unemployment will grow from the present unofficial rate of 37 percent to 45 percent by the year 2000, and with sanctions, to 55.1 percent, or an additional 2 million people unemployed.

The CRIC report also argued that the South African economy still depends on foreign investment and loans to finance production and expansion and that the flight of foreign companies and Western restrictions on loans to South Africa are making it more difficult to obtain such finance.

While recognizing the harmful impact that sanctions are having, and will have, on the economy, the CRIC report took a qualified stance in favor of them. However, it argued that rather than relying on foreign governments to impose sanctions, South African unions should work in concert with their overseas counterparts to enforce specific, tactical measures of their choosing:

> Our preliminary investigations reveal that the loopholes are many, and that governments and international organizations are blunt instruments when it comes to tactical measures. As such, the effect, or lack thereof, of sanctions is going to depend on the degree of solidarity action taken by workers in South Africa and overseas. It is in their power to police and impose trade sanctions and boycotts, and to do this in a coordinated and concerted way that could exert far more specific and direct pressure than any government action.

Cosatu position on sanctions—Rather than adopt the more selective approach recommended by CRIC, the delegates to the Cosatu conference approved a resolution that declares that "Cosatu supports comprehensive and mandatory sanctions as the only sanctions which are likely to bring effective pressure which will assist in bringing about a non-violent, truly democratic and non-racial South Africa." In addition, the resolution urges foreign countries to take measures to isolate South Africa, including:

- ending loans to South African borrowers,
- ending diplomatic contacts,
- preventing visits from South African tourists, businessmen and state officials,
- preventing South Africans from emigrating to other countries,
- withdrawing South African Airways landing and air space rights,
- preventing South African corporations from investing overseas,
- complying fully with the United Nations arms embargo,
- preventing South African state and business recruiting of skilled workers from overseas, and
- ending sporting contacts with South Africa.

The sanctions resolution was a compromise among three drafts that were drawn up by the National Union of Mineworkers, Numsa and the Chemical Workers Industrial Union (CWIU). The three drafts were submitted to Cosatu's Central Executive Committee, which asked each of the unions to have its representatives meet to draft a mutually acceptable version. The final draft did not explicitly call for foreign countries to impose trade boycotts against South Africa, although two top union officials told IRRC that the resolution implicitly embraces these sanctions. They explained that the drafters of the resolution were anxious to itemize measures in addition to trade sanctions that are often overlooked in the debate over sanctions against South Africa.

The CRIC report apparently had little impact on the wording of the resolution. As Frank Meintjies, Cosatu's information officer, noted, the drafting of the sanctions resolution began well before the national conference and was undertaken by the rank and file of the three unions. If anything, Meintjies added, by pointing out that South African industry in most cases had been able to replace the markets closed to it under the partial sanctions imposed to date, the CRIC report convinced delegates of the need to call for comprehensive sanctions. Another unionist, the general secretary of a major Cosatu affiliate, expressed dissatisfaction with the CRIC report's recommendation of selective sanctions, and asked rhetorically why only some workers should suffer.

Cosatu position on disinvestment—Cosatu touched upon the question of corporate disinvestment in another resolution. Notably, that resolution did not specifically recommend that foreign companies withdraw from South Africa. Disinvestment has had some dismaying consequences to the unions and other black activists. For example, when General Motors sold its subsidiary to local management in late 1986, neither it nor its local management consulted with the union represented at the operation before the sale took place. Following the transfer, the management of the newly independent company laid off 12 percent of the work force, which had already been reduced from 4,300 to 3,100 over the course of the previous year.

Cosatu, finding that "disinvestment as it is currently being carried out by multinational companies amounts to nothing more than corporate camouflage which often allows these companies to increase their support for the South African regime," resolved that companies intending to disinvest "must give Cosatu adequate notice...so that bona fide negotiations can take place." At a press briefing following the national conference, Jay Naidoo, Cosatu's general secretary, asserted that although the resolution did not specifically call for disinvestment, the congress still supported it. He added that each union must have flexibility to negotiate its own terms for disinvesting companies, although Cosatu would also draw up guidelines.

A more specific resolution on disinvestment had been drafted by the CWIU but was not adopted. The CWIU's resolution was drawn from a letter that the union sent to multinational companies at whose operations it is represented. In that letter, the CWIU said that any company planning to disinvest should notify the union at least a year before the planned disinvestment date in order to negotiate the terms of disinvestment and should keep it informed of all factors pertinent to the disinvestment, including details on the sale of assets and on any remaining financial connections with South Africa.

In addition, the union demanded that the disinvesting company give each worker severance pay equal to one month's pay for each year of service, guarantee each worker's wages for one year from the date of disinvestment or closure (in case the worker is dismissed or cannot find new employment), and contribute to the pension fund "in respect of each worker up to retirement age in a single payment." The union further demanded that any remaining proceeds from the sale of the assets be turned over to a trust fund controlled by, and benefiting, the union. The union also demanded that any earnings that the disinvested company receives from licensing and other non-equity agreements be turned over to the trust fund. Finally, the CWIU demanded that the disinvesting company make it a condition of sale that the new owner continue to recognize the union and to maintain, if not improve, employment levels and benefits.

Views on impact of sanctions: While all the unionists interviewed by IRRC expressed support for the resolutions on disinvestment and sanctions, there are differences of opinion within Cosatu as to whether sanctions and disinvestment necessarily would create unemployment. Cyril Ramaphosa, the general secretary of the National Union of Mineworkers, told IRRC the union movement accepts that sanctions would cause unemployment and that this is the "bitter pill" it will have to swallow. In an interview with the South Africa Labor Bulletin, he ruminated:

> If workers are retrenched [as a consequence of sanctions], what do you do? We address it by saying that our members should be conscientized as to what the full consequences of sanctions are going to be. We do not have a Coca-Cola or IBM type situation where they pull out and leave their assets in the country. When a customer refuses to buy our coal, it is a more tricky situation and the best we can do is to make our members aware of the situation. The NUM remains supportive of the sanctions campaign.

Two other NUM officials conceded to IRRC in May 1988 that many of their members in the coal industry had been laid off after sanctions closed several overseas markets for South African coal. The officials reasserted NUM's commitment to sanctions and said that the union was trying to assist these workers by helping them to form cooperatives to produce and market T-shirts and other clothing.

However, Alec Erwin, Cosatu's Education Secretary, arguing on behalf of Cosatu in the Oct. 5, 1986, edition of the Sunday Tribune, said:

> We reject the automatic assumption that profits and jobs should suffer equally from sanctions. We are certain the giant companies that so dominate our economy could easily sustain a substantial fall in profits. Anyone who has looked at the job creation record of our economy over the last 10 years will know a fall in profits will not mean a fall in investment, but may very well solve some of our balance of payments problems.
>
> It is our intention to resist every potential job loss. It is time for profits to bear the brunt of apartheid rather than enjoy its fruits. In any event what jobs will be affected is very hard to establish because there are so many changing variables involved.

Occasionally, unionists make potentially contradictory demands. The CWIU's letter to multinational companies shows an interest in preserving its members' jobs; a CWIU spokesman also told IRRC that the union wants disinvestment, when it occurs, to be complete, with the disinvesting company retaining no economic ties to South Africa. Yet he did not dispute IRRC's suggestion that some plants might have to be closed if the disinvesting owners were unable to supply technology or goods under license to a potential buyer. He responded that workers had to be prepared to make sacrifices to support the struggle against apartheid. An official with Cosatu went further, arguing to IRRC that it would be preferable for disinvesting companies to close their operations outright so as to have a greater impact on the economy.

Speaking to this apparent contradiction, Rod Crompton, the CWIU general secretary, wrote in a March 4, 1988, letter to IRRC:

> The essence of the CWIU's position is that it does not see disinvestment taking place. Instead what is happening is a series of corporate camouflage exercises which serve to:

a) disguise the continuing operation of, and extract of profit for, the MNCs' South African operations;
b) provide an opportunity for the employer to reduce the remuneration package, break off the relationship with or smash the union in some way or another to prejudice workers and their union;
c) escape the international limelight and avoid international censure or pressure;
d) hide, in some cases, a relocation to a union-free, low wage "bantustan/homeland."

> Our demands are designed to deter the above. Equally, should a proper disinvestment take place we do not believe this should be on a no-notice-pack-and-run basis. Hence our demands. Disinvestment (read corporate camouflage) has been good for profits at workers' expense. We do not believe this was what the international lobbyists intended.

Similarly, in interviews with IRRC in January 1988, shop stewards for Numsa (the National Union of Metalworkers of South Africa) said they support disinvestment if it means the company takes everything out of South Africa and has no future dealings with it. In their view, blacks are prepared to suffer in the hope of achieving liberation and are willing to lose their jobs but only if the white economy is hurt as well. Too often, they said, when U.S. and other foreign companies disinvest, the operation is sold to a new owner, usually South African, who is less willing to work with unions and has less commitment to fair labor practices and social responsibility.

Yet the one time Numsa members were faced with a clear choice between having a multinational company pull out completely and shut down the plant or having it maintain the non-equity ties that would keep the plant operating, they chose the latter. This was the case when Ford decided to disinvest from Samcor, its joint venture with Anglo American. Unlike most other companies that have disinvested, Ford negotiated many of the terms of its pullout with Numsa. Ford proposed that, of its 42 percent stake in Samcor, it would set up more than half as a trust that would benefit Samcor employees and sell the remaining equity it held to Anglo American. Fearful that the offer would "coopt" workers, Numsa counterproposed that the trust be controlled by workers but that it benefit the larger black community. When Ford accepted this idea, Numsa held a mass meeting for Numsa members at Ford to vote on three options:

—to have Ford pull out completely, retaining no non-equity ties, in which case Anglo American had said it would shut Samcor down,
—to establish a trust, with benefits accruing to individual workers,
—to establish a trust, with benefits accruing to the community.

Fred Sauls, a Numsa official, told IRRC in January 1988 that most of the Ford workers chose the last option at the mass meeting, despite protests of some workers that it would contradict the sanctions campaign. He added that the union had not received any criticism from Cosatu or other anti-apartheid groups for its decision to set up a trust and to encourage Ford to retain the business links that would allow Samcor to continue to operate. (In April, a wildcat strike occurred at Samcor's Pretoria plant when a large contingent of Numsa members said that they no longer favored the trust option, and wanted instead to cash in the shares donated to the trust. The dispute is still being negotiated by Ford and the leaders of the "anti-trust" contingent.)

National Council of Trade Unions: The other black union confederation in South

Africa, the National Council of Trade Unions (Nactu), also has committed itself in favor of sanctions. Nactu was formed in October 1986 out of a merger between the Council of Unions of South Africa (Cusa) and the Azanian Confederation of Trade Unions (Azactu). The new confederation has 21 affiliates that together claim 350,000 paid-up members.

Nactu's position on sanctions, adopted at its national conference in October 1987, is as follows:

> The federation recognizes that foreign investment supports and maintains the economic system in this country and that this system is geared at the maximum exploitation of the working class. Further, the federation notes that the black working class which is responsible for creating the wealth of the country does not benefit from the natural and material resources which rightfully belong to it. Therefore, the federation believes that foreign investment in our country is a further perpetuation of exploitation and oppression, and that its continued presence in our country is not in the interest of the working class. Further, the federation is committed to a full sanctions program for as long as the racist capitalist minority regime exists.

In a telephone conversation with IRRC in December 1987, Phiroshaw Camay, Nactu's general secretary, said the union federation was not opposed to foreign investment per se, but would favor disinvestment as long as the "racist capitalist minority regime" exists.

THE UNITED DEMOCRATIC FRONT

After its founding conference in August 1983, the United Democratic Front rapidly became the largest and most diverse anti-apartheid organization in South Africa, claiming, by 1985, to represent more than 2 million people through more than 600 affiliated organizations. In its first year, the UDF concentrated on attempting to mobilize South Africans across racial and cultural lines to resist the implementation of the new tricameral government, which was instituted in September 1984. Later, UDF affiliates were active in organizing work stayaways, consumer boycotts and student strikes to protest apartheid policies. The local grassroots civic and youth organizations that have sprung up in many black townships to mobilize residents aggrieved by poor housing and living conditions served as the backbone of the UDF.

Even before the state effectively banned the UDF and several of its most important affiliates in February 1988, the organization had been severely cripped by state repression. Empowered by the declaration of two states of emergency, one in July 1985 and the current one imposed in June 1986, the state banned the Congress of South African Students, one of the UDF's most powerful affiliates, and detained many of the UDF's national and regional leaders and the leaders of its affiliates. By August 1985, two years after the UDF's founding, the Institute of Race Relations reported in its 1985 Race Relations Survey that "45 of the 80 executive members of the UDF, nationally and regionally, were either in detention, awaiting trial, or had been assassinated." In July 1987, two more top UDF officials were detained. Murphy Morobe, the acting national publicity secretary, and Mohammed Valli Moosa, the acting general secretary, had been in hiding before they were taken into custody by the security police. They had acquired their positions in the UDF when their predecessors, Patrick "Terror" Lekota and Popo Molefe, were charged with treason for their non-violent UDF activities. They have been imprisoned for the last two years as the trial drags on.

With the detention of Morobe and Moosa, the only members of the 19 national executives named in April 1985 who are not in detention are the UDF's treasurer, Azhar Cachalia, and two of its three co-presidents, Archie Gumede and Albertina Sisulu. Gumede and Sisulu were banned when the UDF was restricted in February.

On Aug. 5, 1985, the UDF issued a statement addressed to foreign governments and foreign and South African businesses on actions they should take to pressure the South African government to end apartheid. The statement called on foreign businesses to make no new investment in South Africa and to end "all forms of financial and material assistance" to the South African government, the homelands and South African business. It urged foreign governments to "extend economic sanctions and sports boycotts" and to break off diplomatic relations with South Africa. The tone of the statement was highly critical of foreign business. The UDF argued, for example, that "the Botha government would have been unable to subjugate the majority and defy world opinion without active assistance and connivance of certain governments and local and foreign business in particular." Foreign business and banks, the statement continued, strengthen the apartheid system by lending to the government and state-owned corporations and by investing in the homelands and the private sector.

A year before this statement was drawn up, two widely respected leaders of the UDF, Allan Boesak and Patrick "Terror" Lekota, also criticized foreign companies in interviews with IRRC and expressed support for their withdrawal from South Africa.

Lekota, in his discussion with IRRC, expressed his view that western countries should withdraw from South Africa, arguing that corporate investment can only serve to strengthen the position of the ruling National Party. Foreign companies support the existing government simply by paying their corporate taxes, he said. Moreover, he added, "All the good intentions of any of the foreign companies that want to help black South Africans are undermined by the apartheid system." As examples, he cited the laws and government policies in place until only a few years ago that prevented Africans from advancing to many skilled positions and he noted that the inferior education that blacks receive under apartheid continues to hinder their advancement opportunities. If foreign companies want to stay in South Africa, Lekota said, they must insist on equal opportunities and strengthen their efforts to train and advance blacks. Moreover, he said, they must participate constructively in the whole battle to do away with apartheid.

In a separate interview, Boesak made similar points. "I am disgusted with big business in this country," he told IRRC, arguing that companies must speak out openly against repressive policies, such as arbitrary detentions of unionists and political leaders, if they are to win the trust of the black community. By investing in South Africa, he said, foreign companies send a message to the South African government that they believe in the future under National Party rule. Furthermore, he said, "No amount of new investment will bring about fundamental change in South Africa." He argued that foreign companies should establish policies of conditional withdrawal, specifying to Pretoria that they will withdraw their operations from South Africa by a certain date if Pretoria does not meet specific demands for political reform.

In a 1986 interview with IRRC, Zwelakhe Sisulu, a prominent editor and proponent of the UDF who has been in detention for more than a year, said that black South Africans view U.S. companies especially critically, a view that would influence them in a South Africa freed of apartheid. He argued, "Those [companies] that pull out now disassociate themselves with the Reagan administration and those that stay are lumped together with Reagan and constructive engagement....Those companies that do divest now are perceived to be in solidarity with black people and will be received in a different spirit to those that continue their exploitation." He added, "Blacks are very sensitive about the United States and there is bound to be historic resistance to American business and the government."

AZANIAN PEOPLE'S ORGANIZATION

The Azanian People's Organization (Azapo) is a descendant of the black consciousness movement launched in the late 1960s under the leadership of Steve Biko, who died in detention in September 1977. Azapo was founded in 1978 by 60 black leaders, including Bishop Tutu, shortly after Biko's death and the subsequent banning of several black consciousness organizations. Its purpose is to combat apartheid and to work to develop a socialist South Africa renamed "Azania." Azapo, like other black consciousness groups, and unlike the UDF, excludes whites from membership. Azapo leaders argue that whites opposed to apartheid should organize within their own communities. Azapo does not appear to have the broad-based organizational support that the UDF has had. However, the philosophy that Azapo espouses is part of a long tradition in black South African politics and probably has many supporters. An Azapo spokesman told IRRC in October 1987 that Azapo has 89 branches in South Africa, that each branch has at least 20 members and that some are 400-strong. Like the UDF, under emergency regulations issued in February 1988, Azapo may no longer engage in any activities short of routine administrative functions.

In interviews with IRRC before the crackdown, Azapo spokesmen described their organization as a direct descendant of the black consciousness organizations in the 1970s and the inheritor of those policies. In an April 1986 interview with IRRC, Saths Cooper, then president of Azapo, noted that the black consciousness organizations that preceded Azapo had called for economic sanctions as far back as 1971 and that when he and other black consciousness leaders were tried for subversion in the mid-1970s, advocating sanctions against South Africa initially formed one of the charges against them under the Terrorism Act. The charge sheet was later shown to be defective and revised so that advocating sanctions became part of a general count of conspiracy against the defendants.

Peter Jones, another Azapo spokesman who was a close associate of Steve Biko, told IRRC in October 1987 that the black consciousness movement had long called for the total isolation of South Africa and that Azapo had essentially adhered to this policy. Jones acknowledged that the disinvestment that had occurred to date had not unsettled South African society, noting that "it's not as though businessmen got out from behind their desks and destroyed their businesses." Companies have been disinvesting in order to preempt boycotts against them in the United States, he said, rather than for altruistic reasons. This does not change the crucial correctness of the moral argument for disinvestment, he added.

In addition to calling for the economic and political isolation of South Africa, Azapo is highly critical of capitalism. When Sen. Edward M. Kennedy (D-Mass.) visited South Africa in January 1985, he was met by Azapo demonstrators protesting his tour. An Azapo statement at the time said "the black working class is the vanguard of the struggle, we don't expect an outside redeemer to give us illusions of freedom." George Wauchope, Azapo vice president, further explained Azapo's views in the Jan. 18, 1985, Financial Mail. "We regard the Kennedy visit as promoting imperialism and international capitalism," he said. "This was confirmed by his meeting with 600 businessmen in Johannesburg." The purpose of Kennedy's visit, Wauchope contended,

> is to see that there is stability in South Africa; he is not interested in the complete overhauling of the system. He came here to fight against apartheid, thus reducing our struggle to a civil rights struggle. We are not an anti-apartheid movement. Apartheid is only a point of departure in our struggle for national self-determination and repossession of the land. We are fighting against racism and capitalism and for an anti-racist, socialist workers' republic of Azania.

Cooper has also spoken very critically of foreign investment in South Africa to IRRC. He argued that multinational corporations' involvement in South Africa is not altruistic or humanitarian, but rather an investment in the status quo, and that their commitment to social responsibility has been minimal. He pointed out that the Sullivan principles and other corporate codes are of relatively recent vintage. He asserted that by providing funds for health, education and other community development projects that benefit blacks, corporations merely relieve the government of its own obligations, enabling it to allocate more resources for repressive purposes. He said that the intent of the Sullivan principles is limited to promoting the "bourgeoisification" of society, rather than a socialist transformation.

In another interview, when IRRC asked Cooper how he would view foreign investment in South Africa once apartheid was abolished, he responded:

> American business is the manifestation of American imperialism. They are the missionaries. Of course South Africa will need foreign investment, but I think we will look to countries that have more acceptable political principles—such as Sweden and France. Even the Germans have a more egalitarian attitude to the relationship between workers and management. There is not the impression of exploitation.

CAPE ACTION LEAGUE

The predecessor to the Cape Action League, the Disorderly Bills Action Committee, was formed in August 1982 to oppose a triad of bills introduced by the minister at the time for Cooperation and Development, the ministry handling influx control laws and African affairs. One of the bills, the Orderly Movement and Settlement of Black Persons Bill, would have imposed much harsher influx control restrictions than were in effect at the time. That bill was eventually withdrawn. Early in 1983, when the United Democratic Front began to form, several of the unions and "charterist" organizations—organizations that support the "Freedom Charter" of the ANC—disaffiliated from the Disorderly Bills Action Committee to join the UDF. The remaining affiliates of the Disorderly Bills Action Committee renamed their umbrella organization the Cape Action League.

The Cape Action League had 40 affiliates, primarily in the western Cape province. It now also allows individuals to join directly as members although it still has some organizational affiliates. Neville Alexander, one of the League's leaders, estimates that the number of active members is about 500, but says the League's "resonance and circle of sympathizers is much larger."

Alexander, a prominent activist in the arena of black education, is very highly regarded in the region, especially by blacks with ties to the black consciousness philosophy. He is credited by many with having persuaded students in the Western Cape, during the 1985 black school boycotts, to return to school and to reject the premise of "liberation before education" for a longer-term view of developing alternative education projects.

In an interview with IRRC in October 1987, Alexander explained the League's emerging philosophy on sanctions and disinvestment. In his view, the League appreciates that the pressure for sanctions in the United States and Europe has emerged out of an anti-apartheid sentiment, and for that reason the League will not oppose the sanctions movement publicly. However, the Cape Action League believes that the call for comprehensive economic sanctions against South Africa is misguided in the short term. Alexander argues that the call for total sanctions can be justified only if there is reason to believe that the South African government is about to fall and that sanctions would quickly provide the final blow. Alexander also takes issue with the view of many proponents that sanctions, by increasing black deprivation, will lead to greater black militarism. In his view, good leadership will galvanize blacks to rise up, rather than increasing hardship.

Alexander believes that a correct policy at this stage, assuming that the white minority government can remain in power for many years to come, is to identify short-term sanctions for specific purposes that will strengthen blacks within or adjoining South Africa, rather than weakening them. As an example, Alexander said that it would be helpful if Western countries ended air services to South Africa and denied South African Airways landing rights in their countries. Similarly, all international airlines should be prohibited from landing in South Africa and Namibia. As a consequence, the sole function of South African Airways would be to ferry goods and people among the frontline states, the new terminus for western airlines, and South Africa. It would make South Africa more dependent on the frontline states and less willing to engage in actions aimed at destabilizing these regimes. Alexander suggested that a similar sanction could be applied to international telecommunications links to South Africa.

CHURCH GROUPS

In South Africa, much of the leadership in black politics has come from the church. While Rev. Boesak and Archbishop Tutu have won international recognition, many other priests and ministers are active in South African black politics. For many years, the South African Council of Churches, the organization of the mainstream Protestant churches, has campaigned against apartheid, adopting a resolution supporting sanctions in 1985. Early in 1986, the South African Catholic Bishops Conference also approved a statement conditionally advocating economic pressure on South Africa. The SACC, the Catholic Bishops Conference, and the Anglican Church, which is more formally known as the Church of the Province of Southern Africa, are continuing to study sanctions, disinvestment and other economic issues.

Archbishop Tutu: Archbishop Tutu, 1984 Nobel peace prize winner, head of the Anglican Church in southern Africa and former head of the South African Council of Churches, has spoken frequently in recent years on economic sanctions and disinvestment. In June 1983, while general secretary of the SACC, Tutu had proposed the concept of conditional withdrawal in a speech to the council's national conference. Tutu said foreign companies should inform the South African government that they are prepared to stay in South Africa only if they are allowed to do the following:

1. Ensure that all their black workers are permitted to live with their families near the place of work.
2. Recognize representative black unions whether or not they are registered with the government.
3. Freely hire black labor without regard to the South African laws restricting the movement of Africans within the country.
4. Enforce fair labor practices and invest "massively" in black education and training.

Tutu added that companies should be prepared to withdraw from South Africa if the government does not meet all these conditions within a specified time.

In February 1986, Tutu, along with Rev. Boesak and Rev. Beyers Naude, then the general secretary of the SACC, sent a letter to Fritz Leutwiler, the Swiss banker appointed by the South African government to mediate in its debt crisis, saying that Western banks should refuse to reschedule South Africa's foreign debt until the government resigns and is replaced by "a government responsive to the needs of all South Africa's people." The clerics said that Leutwiler's proposals for debt reschedulings "were reportedly based upon unsubstantiated assurances of reform" from Pretoria and that the banks should reject the proposals. The letter called on the banks "to prevent further governmental stalling tactics" by immediately freezing all South African bank balances in their books and by obtaining "court attachment of aircraft, ships and other South African assets" to apply against South African indebtedness.

Tutu also spoke out forcefully and explicitly in favor of international economic sanctions against South Africa at a press conference on April 2, 1986. He explained that although in the past he had spoken favorably of foreign countries exerting economic pressure on Pretoria to persuade it to go to the negotiating table with the authentic representatives of black South Africans, he had never explicitly advocated sanctions. Rather, he said, "I have said each country must surely decide for itself the nature of economic pressure it wishes to apply."

He rejected the argument that disinvestment will hurt blacks the most:

> It is remarkable that in South Africa the most vehement in their concern for blacks have been whites. Very few blacks have repudiated me for my stance....Over 1,200 blacks have died since August 1984. Blacks are killed mainly by the security forces, almost as if they were flies. Children are detained. Children are killed....I have heard hardly a squeak from the whites who claim they are concerned for black suffering. That is real actual black suffering, not future possible suffering.

He concluded:

> I have no hope of real change from this government unless they are forced. We face a catastrophe in this land and only the action of the international community by applying pressure can save us. Our children are dying. Our land is burning and bleeding and I call on the international community to apply punitive sanctions against this government to help us establish a new South Africa: non-racial, democratic, participatory and just.

A year later, in an interview on July 23, 1987, with the South African Press Association, Tutu reiterated his support for sanctions but said he would call for a moratorium on further sanctions if the government lifted the state of emergency, released political prisoners and detainees, unbanned black political organizations and announced that it was prepared to enter open-ended political negotiations with popular black leaders. In an interview with IRRC in October 1987, Tutu's personal assistant said that the Archbishop and his colleagues in the Anglican Church were specifically recommending bans on foreign bank loans to South Africa as one of the most effective single sanctions, calling on international banks not to roll over loans until the conditions named above were met. The Anglican Church has also named a task force to look at economic matters including sanctions, disinvestment and employee stock ownership.

Most recently, following the government's Feb. 24, 1988, crackdown on anti-apartheid groups, Tutu has emphasized that foreign countries should cut off diplomatic ties to South Africa. In a column in the March 14, 1988, issue of The New York Times, Tutu said:

> I want to issue a challenge to the American, British and West German governments. You say you are against apartheid. If you are, then make three demands of the South African government:
>
> First, the state of emergency must be lifted.
>
> Second, last month's restrictions against our peoples' organizations and leaders must be lifted.
>
> Third, detainees, particularly children, must be tried in open courts or released.
>
> If the government does not meet these demands, you must cut diplomatic ties. That would not be a radical step to take in the circumstances. It's not going to cost jobs and lives. It would be a gesture, but a dramatic one with profound psychological consequences for those who wield power in South Africa.

Shortly before the column appeared, Tutu attended a church conference in Nairobi, Kenya, at which he elaborated on the idea of the West cutting off diplomatic relations. Tutu said that with his new proposal, he was not withdrawing his support for economic sanctions, but was merely venturing a minimal alternative for Western countries, particularly Great Britain. He said the advantage of this approach is that "it doesn't cost anybody any money, it doesn't cost too many people any jobs."

South African Council of Churches: The South African Council of Churches is composed of the major Protestant churches in South Africa, with the exception of the white churches of Dutch Reformed background and the white Lutheran Churches, thereby indirectly representing the 12 million South Africans belonging to these denominations, the majority of whom are blacks. The SACC cannot make decisions that are binding on its member churches. Rather, it undertakes tasks assigned to it by its members and it also can urge its members to study certain issues. Each year, usually in June or July, the SACC holds a national conference to which each of its member bodies sends delegates to propose actions for the member churches and the SACC offices to take. The number of delegates each body may have at the national conference is determined by the size of the denomination.

At the June 1985 national conference, the SACC delegates adopted a resolution that "disinvestment and similar economic pressure are now called for as a peaceful and effective means of putting pressure on the South African government to bring about those fundamental changes this country needs." In the preamble, the national conference argued that "foreign investment and loans have been used to support prevailing patterns of power and privilege in South Africa" and that "the pressure in Western countries for disinvestment and divestment has been most effective in moving white South Africans into a more serious consideration of the cause of the political conflict of this country." The resolution further called on member churches in South Africa and partner churches overseas to study the issue in order to identify and promote effective economic sanctions to achieve justice and peace in South Africa with a minimum of violence. Dan Vaughan, then the SACC's director of administration, noted in an interview with IRRC in July 1985 that the disinvestment issue had arisen in previous national conferences, but without the adoption of a resolution. At the 1985 conference, in contrast, Vaughan said, delegates had been so radicalized by the events of the last year that the resolution "sailed through."

The SACC is continuing to study the sanctions issue. In May 1987, representatives of churches, unions, and community anti-apartheid groups from South Africa and Namibia met in Lusaka, Zambia, at the invitation of the Program to Combat Racism of the World Council of Churches. At the end of the five-day conference, the delegates adopted "The Lusaka Statement," which, while affirming the delegates' own commitment to peaceful change, affirmed "the unquestionable right of the people of Namibia and South Africa to secure justice and peace through the liberation movements. The Lusaka Statement also recommended ways in which churches could help to fight apartheid. As one recommendation, the statement called upon:

> the churches in countries which, through economic and political cooperation with South Africa and Namibia, support the apartheid regime, to exert increased pressure upon their governments to implement sanctions, and upon banks, corporations and trading institutions to withdraw from doing business with South Africa and Namibia. We especially call upon the international community not to engage in newly devised deceptive forms of disinvestment which maintain the status quo, but instead to apply immediate and comprehensive sanctions to South Africa and Namibia.

The SACC, at its national conference several weeks later, approved a resolution adopting the Lusaka Statement and referring it to its member churches and the various divisions and regional councils of the SACC for their action and consideration, requesting them to report progress on these issues at the 1988 national conference. In addition, the delegates to the 1987 conference approved a resolution directing the SACC's Division of Justice and Reconciliation to place before the executive a proposal for inviting relevant South African political, church, union and community organizations to a conference to examine sanctions, disinvestment and boycotts and "whether such economic pressure can serve to bring about positive change in South Africa."

In an interview with IRRC in October 1987, Dr. Wolfram Kistner, the SACC's Director of Justice and Reconciliation, said the SACC does not have the resources in-house to conduct its own studies on the political and economic impact of sanctions on South Africa, but tries to cull the research conducted by other organizations. Kistner was especially interested in a report commissioned by the Evangelical Church in West Germany that had recently been released by the Starnberger Institute for Research into Global Structures, Developments and Crises, a West German organization.

That report had concluded that coordinated sanctions by six of South Africa's key trading partners—the United States, Great Britain, West Germany, Japan, Switzerland and France—could destabilize the National Party government while causing minimal hardship to the black population. The report argued that "a refusal to roll over South African loans, together with a ban on new money, would swiftly push South Africa into international insolvency and provoke capital flight, leading to a fiscal crisis of the state, a cessation of investment and an exodus of business people and experts." The report further argued that such lending embargoes, combined with effective trade or investment sanctions—especially bans against supplying South Africa with technology—"would soon bring about the complete economic collapse of the apartheid regime." The report conceded that such sanctions would cause black unemployment, but it asserted that the increase in unemployment caused by sanctions would be short-term and minimal in comparison with the unemployment that has been generated for structural reasons over the last several years and will continue in the future.

South African Catholic Bishops Conference: There are approximately 3 million Catholics in South Africa, of whom the overwhelming majority—more than 80 percent—are blacks. Each year, the 35 South African bishops hold a plenary session at which policy is discussed and adopted. At its plenary session in May 1986, the Catholic Bishops Conference approved a resolution expressing conditional support for economic sanctions against South Africa. Noting that the topic of economic sanctions had become a hotly debated issue in South Africa, the bishops stated:

> We are deeply concerned about the additional suffering that some forms of economic pressure might cause, and we remain very sensitive to the possibility of further unemployment and escalating violence. But against this we have to balance the enormity of the present suffering and rate of unemployment and the prospect for the future if the system of apartheid is not dismantled soon. The aim and purpose of economic pressure is to change our society so that the present sufferings may be removed together with the obstacles to employment deriving from the apartheid system.
>
> We are aware that certain developments are imminent, such as the initiative of the Commonwealth Eminent Persons group and the forthcoming federal congress of the National Party. These may demand a reassessment of the issue of economic pressure. Should the government announce real basic changes, there may be a mitigation of economic pressure or at least its maintenance at the present level until the genuineness of such changes is clear. On the other hand, there may be an increase in economic pressure should the government prove intransigent.
>
> We ourselves believe that economic pressure has been justifiably imposed to end apartheid. Moreover, we believe that such pressure should continue and, if necessary, be intensified should the developments just referred to show little hope of fundamental change. However, we do not need to point out that, in our view, intensified pressure can only be justified if applied in such a way as not to destroy the country's economy and to reduce as far as possible any additional suffering to the oppressed through job loss. At the moment we can see no justification for the sort of pressure that would leave a liberated South Africa in an economically non-viable situation. However, we also recognize that the most important factor in deciding on how much suffering should be allowed to flow from economic pressure is the opinion of the oppressed of our land. It is imperative therefore that their views be as fully canvassed as possible. Such consultation is especially important in local consumer boycotts where in order to achieve conformity, not infrequently forms of intimidation are used that range from the regrettable to the most inhuman imaginable. The latter cannot be condemned strongly enough.

The bishops concluded that they could not dictate which economic pressures should be applied or how, in any given situation, but would leave those decisions to "those with the necessary expertise," provided they "keep in mind always the conditions justifying such pressures."

The Catholic Bishops Conference also appointed a Special Commission on Economic Pressures to monitor the impact of sanctions and disinvestment. The first report of the commission was submitted in January 1987. Its findings were that, at least in the short term, the imposition of sanctions by Western countries has caused the government to become much more intransigent on apartheid policy and to retreat from reform. At the same time, the commission found that the sanctions and their harmful impact on the economy have motivated the business community to step up its efforts to pressure the government for reform and to assist the black community with education, training and other assistance, and it said the bishops should encourage these positive contributions by the private sector. While concluding that sanctions would slow economic growth, the report shrank from predicting the longer-term political impact of sanctions.

In response to the report, the Bishops Conference issued a press statement that it still believed "that economic pressure was justifiable and should continue, but should not destroy the country's economy and cause further suffering." In January 1988, the bishops again reaffirmed their support for the May 1986 statement on sanctions.

BUTHELEZI AND INKATHA

In contrast to the ambivalent or critical attitudes toward foreign investment reported above, the Inkatha organization of Chief Gatsha Buthelezi, chief minister of the KwaZulu homeland, is unambiguously in favor of increased investment by foreign companies. Unlike the UDF with its primarily urban following, Inkatha's membership is more rural and is concentrated among Zulu-speaking Africans in Natal. Inkatha's membership rivals that of the UDF, with the leadership claiming more than a million members. Because Inkatha is so powerful in KwaZulu, many residents join Inkatha in order to get jobs or services that Inkatha controls.

In Buthelezi's view, calling for disinvestment in order to weaken the South African economy and thereby pressure Pretoria is counterproductive. He argued in a speech to British businessmen in March 1984 that "the South African economy has reached a level of self-sufficiency where disinvestment becomes a spur to increased self-sufficiency." Moreover, he argued, black South Africans cannot afford withdrawal. "Every foreign investor who has created employment opportunities in South Africa knows that every Monday morning there are hordes of unemployed at the factory gates desperately seeking a job....For millions of people living below the bread line, the loss of a job means sickness and death for them and their loved ones."

In April 1984, a mass rally of 15,000 Inkatha supporters endorsed their leader's view by adopting a resolution urging foreign investors to invest as much money as possible in South Africa "so that our struggle should be waged with full stomachs." The resolution also urged Buthelezi to increase efforts to encourage foreign investors to invest in South Africa.

At Inkatha's annual general conference on June 29, 1985, the organization approved a petition addressed to the U.S. government stating that "our stand opposing disinvestment has mass support and we challenge any black leader who disputes this fact to share a platform with us in Soweto, the country's industrial heartland, to test black public opinion." It continued: "On behalf of black South Africa, we petition President Reagan, the senators of the United States of America and its congressmen to reject all pressures exerted on them to express abhorrence of apartheid through disinvestment in South Africa."

In supporting foreign investment, Buthelezi emphasizes that corporate employers should adhere to certain social responsibility standards. In a speech in May 1985, Buthelezi stated:

> Modern enlightened management is aware of its responsibility in South Africa, but that awareness needs to be expressed in telling action and that awareness must be made a more potent force working for change. Workers have borne the brunt of past exploitative capitalism and if what I have said to workers today has any validity, it has only validity if management across a very broad spectrum of commercial, industrial and mining interests join together as a driving force for change.

In June 1987, Buthelezi wrote a letter to Rev. Sullivan urging him not to withdraw from the Sullivan principles program and arguing that the complete withdrawal of American investment from South Africa would hurt reform prospects by making the National Party even more intransigent.

Buthelezi is a controversial figure in South Africa. As chief minister of the KwaZulu homeland, he has prevented Pretoria from conferring "independence" on his homeland and thereby stripping the Zulu people of any claim to South African citizenship. Despite his stance against homeland independence, Buthelezi is viewed by many urban blacks as having "sold out" to Pretoria, because he almost invariably criticizes politically inspired student or consumer boycotts and work stayaways mobilized by other black organizations or unions, and because his followers have attacked unionists and UDF supporters. In 1987, Inkatha members initiated brutal attacks on UDF supporters in the Pietermaritzburg area in Natal, provoking a bitter feud between the two camps that has killed scores of people. To many of his black critics, Buthelezi is an extension of the South African government, rather than an opponent of it.

In recent years, relations between Buthelezi and the black union movement have grown more acrimonious. In November 1984, when black unions for the first time staged a mass strike to press political demands—the withdrawal of security forces from the black townships and the release of political prisoners—Buthelezi sharply criticized the action. A year later, black unions that are now affiliated with Cosatu, along with community organizations based in Natal, called off a black consumer boycott of white-owned businesses meant to press similar political demands when the Inyanda Chamber of Commerce in KwaZulu, which has close ties to Inkatha, threatened violence against the boycott organizers. Alec Erwin, a union official involved in organizing the boycott, admitted that he had not consulted Inyanda in planning the boycott, but had assumed that Inyanda would not oppose it since it would mean increased business for local black businessmen. Inyanda argued that black businessmen were small retailers dependent for their supplies on white manufacturers and that a boycott of white-owned business would jeopardize the jobs of blacks employed in the white sector.

The debate between Buthelezi and the black unions over the tactic of economic pressure took a dramatic turn early in 1986, when Buthelezi announced that he would help establish a new union, the United Workers Union of South Africa, for workers who were opposed to Cosatu's calls for disinvestment. As a further challenge to Cosatu, Uwusa held its inaugural conference on May 1, the same day that Cosatu and other unions had staged a mass workers stayaway to press their demand that that date be recognized as a public holiday. Uwusa has negotiated some recognition agreements, but it has not yet posed a serious challenge to Cosatu.

CONCLUSIONS

As far as can be determined by public opinion polls, the majority of Africans in South Africa do not advocate that U.S. and other foreign companies withdraw from South Africa and do not favor other economic sanctions against South Africa as a tactic to help end apartheid if those measures will also increase black unemployment. However, three polls sponsored by disparate organizations between June 1984 and May 1986 have corroborated that a substantial minority of urban Africans—approximately 25 percent—advocate disinvestment by foreign companies. The two most recent surveys of blacks' attitudes on the more general issue of sanctions found a hard core minority ranging between 14 and 26 percent that favored economic sanctions in the struggle against apartheid even if they caused many blacks to lose jobs. What almost all of these polls also show is that many more blacks might conceivably support sanctions and disinvestment if they were convinced that such actions would not increase black unemployment.

Some of the polls also show that many blacks are not convinced that disinvestment and sanctions will help to end apartheid. The 1987 Orkin survey found respondents were nearly evenly divided as to whether sanctions would actually work in helping to end apartheid. The 1986 survey by the Human Sciences Research Council, in asking whether disinvestment or increased investment would be the most helpful in ending apartheid, found that only 26 percent of its survey respondents believed in the efficacy of disinvestment, compared with 43 percent who thought that increased investment would do the most to end apartheid.

Some of the ambivalence expressed in the black opinion surveys is reflected by the leaders of organizations that have large black constituencies. The policies of major union, political and church organizations range from unconditional support for comprehensive economic sanctions, to support only for sanctions that will not increase black hardship, to adamant opposition to any form of sanctions or disinvestment.

Organizations that express unconditional support for sanctions, including disinvestment, until apartheid is ended are the two exiled liberation movements, the African National Congress and the Pan-Africanist Congress, and, inside South Africa, Azapo and the National Council of Trade Unions, both of which subscribe to the black consciousness philosophy. Another organization that appears to favor comprehensive economic sanctions, including disinvestment, is the South African Council of Churches, although its resolutions are not binding on member churches. Although the SACC is continuing to study the sanctions issue, it recently approved the "Lusaka Statement," which calls upon churches to urge the international community "to apply immediate and comprehensive sanctions to South Africa and Namibia."

Archbishop Tutu of the Anglican Church also supports economic sanctions against South Africa, but only as a way to goad Pretoria to release political prisoners, allow free political discussion and association, and enter open-ended political negotiations with representatives of the black majority population, at which point Tutu would call for economic sanctions against South Africa to be suspended. Tutu has implied that he favors comprehensive sanctions, and at the same time he has said that he cannot tell countries which sanctions to impose, although his personal assistant told IRRC in October 1987 that Tutu believes that bans on foreign bank lending are especially effective. In March this year, however, he proposed that Western countries that are reluctant to impose such stringent measures should at least cut off diplomatic relations with South Africa.

The South African Catholic Bishops Conference and the Cape Action League differ from the organizations just cited in that while they believe sanctions can help to pressure the government to end apartheid, they are anxious that sanctions not be imposed that will destroy the economy or increase black hardship. Both organizations appear to be trying to identify sanctions that can be applied for specific, tactical purposes without weakening blacks.

The Congress of South African Trade Unions, which is the largest union federation in South Africa and which increasingly is voicing the political concerns of its members as the state of emergency restricts black political organizations, treats sanctions and disinvestment separately. At its 1987 national conference, Cosatu adopted a resolution calling for comprehensive economic and diplomatic sanctions against South Africa. The union federation did not specifically call for disinvestment, however, but only for foreign companies to negotiate the terms of their disinvestment with the representative union well before the planned disinvestment date. In contrast, at its 1985 founding conference, Cosatu had approved a resolution that supported disinvestment as an essential and effective form of pressure on Pretoria.

The new, toned-down language on disinvestment appears to reflect the realization of many Cosatu affiliates that the way foreign companies have disinvested to date has often hurt the interests of their members. Ideally, many Cosatu union members would like to see the world impose comprehensive sanctions in one decisive blow that would disable the minority government relatively quickly. Instead, they have been forced to deal with a situation where disinvestment and sanctions have been imposed piecemeal, which hurts their members' interests but does not visibly affect the white establishment.

The United Democratic Front, no longer an active organization under the emergency regulations, apparently never revised its 1985 policy on foreign investment. This called upon foreign businesses to make no new investment in South Africa, to end "all forms of financial and material assistance" to the South African government, the homelands and South African business, and to extend economic and sport boycotts.

The only major organization with a black constituency to oppose sanctions and disinvestment is Inkatha, the largely Zulu organization headed by Gatsha Buthelezi, the chief minister of the KwaZulu homeland. Buthelezi and Inkatha have argued that no actions should be taken that will increase black unemployment or hardship and that black privation will not help to end apartheid.

APPENDIX I. COMPARISON OF PUBLIC OPINION POLLS

Schlemmer survey (June 1984, 551 urban African workers)

1. "One man, Samuel, says: Overseas people and banks and companies must stop buying South African goods and stop sending money to build factories in South Africa so as to frighten the South African government into getting rid of apartheid.

   "Another man, Joseph, says: People and banks and companies overseas should continue to buy South African goods and send money to build factories because it makes jobs for all people in South Africa.

   "Which man would you agree with, Samuel or Joseph?"

Samuel (disinvestment)	25 percent
Joseph (investment)	75 percent

2. "There are groups of people in America and England who try to encourage banks and organizations not to put their money in factories which are in South Africa. Do you think this is a good or a bad thing?"

Good thing (disinvestment)	26 percent
Bad thing (investment)	74 percent

3. "Which of the following would you prefer to see happen—what is best?

   "American companies should build as many factories in South Africa as they can, making as many jobs for blacks as they can."
   59 percent

   "American companies should only run factories in South Africa if they can pay blacks high wages, give good pensions and help with housing, even if they make fewer jobs."
   32 percent

   "American companies should not run factories in South Africa because they make the government of South Africa stronger."
   9 percent

The Sunday Times/Markinor survey (August 1985, 400 urban Africans)

1. "Do you think that other countries are right or wrong to impose economic sanctions on South Africa unless South Africa agrees to get rid of the apartheid system?"

Right	77 percent
Wrong	21 percent

2. Do you think that you would suffer personally if economic sanctions were imposed:

Yes	48 percent
No	46 percent

Orkin survey on disinvestment (September 1985, 800 urban Africans)

1. "A lot of foreign companies and banks, that is, companies and banks from overseas, do business in South Africa. They lend money to the government or businessmen, or they run factories here. This is called foreign investment. People and groups in South Africa and overseas have different ideas about foreign investment. There are three main views. Which of the three views do you support most?

   "—The first view encourages investment. This view says that foreign firms help South Africa to grow, so they should be encouraged to invest here freely. This view is supported by P.W. Botha and the Nationalist Government, by businessmen like Harry Oppenheimer, by Chief Mangosothu Gatsha Buthelezi and Inkatha, and other homeland leaders."

   26 percent

   "—The second view wants to limit or restrict investment. This view says that foreign firms should not be allowed to invest here unless they actively pressure the government to end apartheid, and recognize the trade unions chosen by the workers. This view is supported by Bishop Tutu, by the trade unions in Fosatu and Cusa, and by the S.A. Council of Churches."

   49 percent

   "—The third view wants no investment. This view says that foreign firms only help to keep apartheid alive and exploit blacks, so foreign firms should not be allowed to remain here at all. This view is supported by the ANC and the PAC, Azapo, many members of the UDF, and some trade unions."

   24 percent

2. "We have asked you about foreign investment. We noted that some groups want to limit foreign investment or stop it altogether. This is called disinvestment. These groups want disinvestment in order to pressure the government to end apartheid. Do you think that disinvestment will actually help in pressuring the government to end apartheid?"

Yes	57 percent
No	33 percent
Don't know	10 percent

3. If few/many blacks lose their jobs as a result of disinvestment, is the sacrifice worthwhile?

Yes to both questions	26 percent
Yes to first question only	25 percent
No to both questions	48 percent

Human Sciences Research Council survey (March 1986, 1,338 urban Africans)

1. "Should the outside world apply an economic boycott against South Africa or not?"

Yes	26 percent
No	68 percent
Don't know	6 percent

2. Those who answered "yes" to this question were then asked whether they would still favor economic boycotts if it meant losing their jobs. The responses:

Yes	75 percent
No	23 percent
Don't know	2 percent

3. "What will help the most to get rid of apartheid: If the outside world withdraws its money (disinvests) from South Africa or if it lends more money in South Africa?"

Withdraws its money	25 percent
Invests more money	43 percent
Neither will help	17 percent
Don't know	16 percent

German Africa Foundation survey (June–July 1987, 1,004 African coal miners)

1. "Some groups overseas are calling for governments in Europe to make their criticisms of the South African government known by now buying South African products, including coal, and by not allowing money to go to South Africa for factories and mines. This is called sanctions. Do you think that such sanctions are a good thing, a bad thing, or are they good in some ways and bad in some ways?"

Good thing	21 percent
Bad thing	70 percent
Ambivalent	9 percent

2. "What do you think the South African government will do as a result of sanctions?"

make no improvements	19 percent
make small improvements	24 percent
make far-reaching changes	36 percent
resign	19 percent

3. "If sanctions were to cause the South African government to resign in a number of years' time, would you:"

support all sanctions	34 percent
support sanctions which did not harm you	30 percent
oppose sanctions or don't know	36 percent

4. "If sanctions were to cause many people to lose their jobs, but also cause the South African government to resign after a number of years, would you:"

support all sanctions	26 percent
(percentages not given for other responses)	

Orkin survey on sanctions (August-September 1987, 800 urban and rural Africans)

1. "Some governments overseas are applying sanctions against apartheid. This means that they have prevented the South African government and businessmen from getting loans from overseas, and prevented them from selling and buying goods and products overseas.

   "People and groups in South Africa have different views about sanctions. There are three main views. We have laid them out on this card. (The respondent is handed a card.) Let us go through them together.

   "The first view opposes sanctions. This view says that everyone benefits when the South African economy grows, and that sanctions will slow down economic growth. This view is supported by P.W. Botha and the Nationalist government, by the PFP, by businessmen like Harry Oppenheimer and by homeland leaders like Chief Buthelezi.

   "The second view wants conditional sanctions. This view says that sanctions are a peaceful way of pressuring the government until it provides the conditions for democracy, i.e, stops the Emergency, frees political prisoners, unbans political movements, and does away with apartheid. Once the government provides these condtions, sanctions can be stopped. This view is supported by Archbishop Tutu, by trade unions in Cosatu and Nactu, and by the S.A. Council of Churches.

   "The third view wants unconditional sanctions. This view says that the Nationalist government will never agree to provide the conditions of democracy. So sanctions must be applied until the government is forced to hand over power to the representatives of the majority of people in South Africa. This view is supported by many leaders and members of the ANC, PAC, UDF and Azapo.

   "Which one of the views do you support most?"

opposition	26 percent
conditional support	46 percent
unconditional support	21 percent
don't know	6 percent

2. Will sanctions work in ending apartheid?

Yes	41 percent
No	42 percent
Don't know	17 percent

3. Support for sanctions if many/some blacks lose their jobs:

Yes to both questions	14 percent
Yes to first question only	26 percent
No to both questions	60 percent

APPENDIX II: SUMMARY OF THE VIEWS OF MAJOR SOUTH AFRICAN GROUPS ON SANCTIONS

Groups	Position on Disinvestment and Other Sanctions
African National Congress	Supports disinvestment and comprehensive economic sanctions until apartheid is ended.
Pan-Africanist Congress	Supports comprehensive economic sanctions until apartheid is ended.
Cosatu leadership	Unofficially supports disinvestment but officially says only that disinvesting companies should notify unions on such decisions in time for unions to negotiate the terms of the disinvestment with the company. Supports comprehensive sanctions.
Cosatu affiliates	CWIU says that all proceeds from sale should be turned over to union and that the disinvesting company should guarantee workers' wages for a year after the pullout. Numsa approved of Ford retaining non-equity ties with its former subsidiary to allow it to remain in operation.
Nactu leadership	Supports comprehensive economic sanctions, including disinvestment, until apartheid is ended.
UDF leadership	Foreign governments should "extend economic sanctions and sports boycotts." Foreign business should stop all forms of financial and material assistance to the Botha government, the homelands and South African business.
Azapo	Supports disinvestment and comprehensive sanctions.
Cape Action League	The calls for comprehensive sanctions are misguided in the short term. Supports selective, short-term sanctions that will not harm blacks.
Archbishop Tutu	Proposed idea of conditional investment in 1983. Has said that foreign governments should impose and extend economic sanctions against South Africa but has not specified which sanctions they should impose. In 1988, proposed that Western governments break off diplomatic ties as "minimal alternative to economic sanctions."
S.A. Council of Churches	Supports disinvestment and comprehensive economic sanctions.

Catholic Bishops Conference	Supports increased economic pressure on South Africa provided it will not destroy the economy and is done in such a way as to minimize black suffering.
Chief Buthelezi/Inkatha	Opposes disinvestment and other sanctions.

Prepared statement of

STEPHEN M. DAVIS, PH.D.

Research Analyst, Investor Responsibility Research Center

before the

U.S. Senate Committee on Foreign Relations:

HEARINGS ON U.S. POLICY TOWARD SOUTH AFRICA
JUNE 23, 1988

Introduction

Thank you, Mr. Chairman, for the opportunity to appear before the Committee to discuss future U.S. policy toward South Africa. May I also express my admiration for the chairman's own staff, and the Foreign Relations Committee staff, who have done a terrific job tracking this issue and preparing these hearings.

At the outset, let me briefly review my own background. I serve as a research analyst for the Investor Responsibility Research Center, a non-profit firm that generates impartial reports and analyses on political and economic developments in South Africa.

I have worked since 1978 as a writer, journalist and consultant in the southern Africa field. Last October, Yale University Press published my book Apartheid's Rebels: Inside South Africa's Hidden War. The study, which examines the African National Congress, has been published this month in South Africa by Ad Donker. I received my Ph.D. from the Fletcher School of Law and Diplomacy, at Tufts University, in 1982, after having written a dissertation on the ANC.

I will focus my testimony today on the state of black resistance to apartheid, and the consequences for U.S. policy.

The State of Black Resistance to Apartheid

Mr. Chairman, in order for the U.S. to act as a positive force in South Africa we must address two objectives. The first is pressing Pretoria to abandon the use of violence, terror and repression, and to negotiate in good faith with credible black organizations for an end to apartheid. U.S. policy has so far failed in this regard up to now, and achieving that end is, presumably, the purpose of the sanctions legislation being considered by the Committee.

The second, and equally important objective, is to expand contacts with the anti-apartheid resistance to buttress democratic elements, counter the possibility of a drift toward terrorism, and enhance the prospects of a political settlement. The United States has only recently and tentatively begun to explore the possibilities of following this course. But I would argue that the current situation in southern Africa is extremely favorable for a major new initiative by the next administration.

Any such policy, however, must start with the realistic assessment that the most important organization promoting resistance to apartheid in South Africa's black community is the 76-year old African National Congress. Let me briefly outline the state of the ANC today as it enters another full year under the government's emergency regulations.

LEADERSHIP AND IDEOLOGY

Outlawed and underground at home, the ANC attempts to coordinate resistance to apartheid from exile in Lusaka, Zambia. Probably the most controversial aspect of the ANC, from a public policy standpoint, is the extent to which it is dominated by radical factions such as the South African

Communist Party (SACP). Pretoria contends that more than two-thirds of the thirty members of the National Executive Committee (NEC), the movement's central command structure, are communists. Analysts such as Prof. Tom Karis have placed the figure closer to three. The State Department in a January 1987 report estimated that "roughly half" of the NEC are communist party members. The ANC itself has not released any numbers.

But any measurement of communist influence within the ANC leadership must take into account the fact that within South Africa the SACP appears to hold the allegiance of only a fraction of the black community. Many blacks are suspicious of the SACP's links to an outside power (the Soviet Union) and uncomfortable with its history as a party often controlled by whites. The current chairman, for example, is Joe Slovo, a white South African. As a result, the SACP is in a weak bargaining position within the national executive of the ANC, which in my view remains under the control of black nationalists and moderates. The 1987 State Department report took the position that "the SACP appears to have little or no influence on political and labor groups inside South Africa," and that this lack of popular support gives non-communist leaders of the ANC "considerable counterleverage against SACP efforts to dominate the group."

The ANC, in fact, pays only intermittent and cautious attention to ideology. The leadership regards ideology with a certain dread, recognizing its importance in motivating followers but fearful that it could divide the ranks rather than expand them. The last occasion on which the movement adopted any document close to an ideological statement was when the Congress of the People approved the Freedom Charter in 1955. Since then the rare plenary meetings of ANC representatives have addressed operational matters almost exclusively. Even this year, when the ANC announced that its newly named Constitution Committee would release a draft constitution, spokesmen reeled off a string of qualifiers designed to downplay the significance of the tract. Recent leaks from ANC sources suggest that the document will recommend a multi-party democracy with a mixed economy and a program to redistribute wealth.

Evidence suggests that as the state of emergency crackdown drags on and moderates remain in detention, radical factions within the ANC camp are gaining in influence.

Three ideological clusters are evident within the ANC. One is Marxism, which is propagated by the SACP. It attracts support among members with trade union experience, and has grown in popularity among younger rank and file recruits owing largely to the Soviet Union's high profile assistance to the ANC. The Reagan administration's "constructive engagement" policy, interpreted in ANC circles as a declaration of friendship for Pretoria, is often cited as another reason why youths in recent years have spurned the West and turned to communist thought.

A second ideological cluster is black consciousness (BC), the philosophy which brought the ANC's Soweto generation into anti-apartheid activism. Some two-thirds of the estimated 13,000 ANC members in the exile community were schooled in BC principles before escaping South Africa. They entered the ANC suspicious of the movement's willingness to work with whites and its cooperative relationship with the communist party.

A third cluster is what might be termed social democratic, and it encompasses the veteran leadership of the ANC. Adherents represent the traditional values of the ANC, which combine Christian ethics with Western liberal philosophy and enthusiasm for a restrained form of socialism.

To keep the peace between the often contradictory ideological groupings within the movement, the ANC leadership attempts to persuade constituencies to defer pursuing their special ideological and programmatic agendas until after "liberation."

As a result, the ANC ends up promoting a vaguely defined nationalist line that stresses the objective of substituting democracy for apartheid in a unitary South Africa. This "lowest common denominator" approach to ideology has been successful so far in securing unity behind moderate leadership. But the growing popularity of radicalism, spurred in part by Pretoria's crackdown on black anti-apartheid centrists, threatens to upset the balance.

ORGANIZATION AND STRATEGY

ANC rear base camps assigned to the military wing, Umkhonto we Sizwe, are located in northern and central Angola. The ANC's administrative offices are in Lusaka, Zambia, and the movement's educational facilities are near Morogoro, Tanzania. Some 13,000 exiles dwell in these "sanctuary states." Umkhonto normally uses border countries only for rapid transit of guerrillas, couriers and arms runners into and out of South Africa.

Inside the Republic itself, the ANC survives through its underground, which consists of cells of as few as five members in rural areas, and as many as twelve in urban townships.

The underground remains small relative to the ambitions of the ANC's leaders and the requirements of a full-blown rebellion. The township branches have been too few to absorb or control all the activist "comrades" participating in resistance.

Beginning in 1985, when the ANC and the United Democratic Front called on blacks to "make the townships ungovernable," the ANC sought to transplant the base of its insurgent campaign from foreign camps to domestic sanctuaries. The new "Peoples War" strategy called for sabotage missions launched from townships against targets identified with governmental power. In addition, the ANC sought to complement military operations with support for non-violent labor and community organizations (COSATU and the UDF) for the purpose of placing increasing pressure on Pretoria. The objective was to attract a growing proportion of the public to the ANC and to undermine white confidence in the National Party administration's capacity to determine the country's social or economic future or to guarantee white security.

The ANC strategy is fraught with risk. On the one hand, the compulsion to attract increasingly impatient and angry "comrades" into the movement has resulted in some Umkhonto commanders (most recently chief of staff Chris Hani) pressing for permission to target white civilians such as judges and politicians. On the other hand, ANC president Oliver Tambo this month rebuked such moves and reiterated the group's ban on terrorism. The ANC leadership remains eager to preserve and enhance the organization's image as a responsible party, both to allay fears of whites inside South Africa and to attract more international sponsors.

This tug of war between militancy and statesmanship is likely to grow more acute as black frustration mounts and the ANC continues to lag in its ability to extend effective command and control over its members inside the country. The outcome is uncertain.

FOREIGN PATRONS

Barred from legal operations inside South Africa, the ANC depends on foreign patrons for resources, facilities and other assistance. The Reagan administration has often called attention to the ANC's longtime relationship with the Soviet Union. But Soviet leverage over the movement is limited. The ANC could survive a break with Moscow, since most of the items the Soviets provide—small arms, scholarships, equipment and funds—are likely to be available from alternative sources. In contrast, the ANC is heavily beholden to the three states which have granted the movement sanctuary—Angola, Zambia and Tanzania. A break with them would be viewed by the organization as catastrophic. ANC facilities in these countries give Umkhonto insurgents access to the South African frontier. Expulsion from the sanctuary states would result in a stressful regroupment to climes that are far less strategically convenient.

Dependence on the three host countries makes the ANC leadership distinctly nervous. ANC executives worry that the sanctuary nations, under economic and military pressure from Pretoria, are capable of making policy demands of the ANC, ejecting the ANC altogether or insisting on South African settlement terms far short of what the ANC would itself demand.

Interestingly, the Soviet Union—once an unquestioning ally—appears now to represent another source of anxiety for the ANC. Gorbachev's Africanists are signaling a review of Soviet policy toward South Africa. The end result is in doubt, but so far Moscow seems intent on finding ways to avoid an extended war that could compel the USSR to devote resources it cannot afford into a region in which it has little interest, while risking a superpower confrontation it does not want. As a consequence, Soviet representatives have suggested softening the terms the ANC has said Pretoria must meet for negotiations to occur. In addition, Soviet policymakers have hinted that the ANC consider a settlement formula granting minority guarantees to whites, something the ANC has not been prepared to concede. Moscow is reported also to have told its close ally, the South African Communist Party, that a mixed economy, rather than socialism, is likely to prevail in South Africa.

IMPACT OF THE EMERGENCY

Pretoria has argued that its emergency actions have smothered protest and crippled the ANC. It is, of course, extremely difficult to assess with accuracy the extent of damage anti-apartheid groups have suffered, since censorship rules block the outflow of unauthorized information on "unrest activity." But contrary to the official portrait of the state of rebellion, Umkhonto we Sizwe actually increased the number of guerrilla operations it carried out in 1987 to an average of at least five each week, despite the state of emergency.

The rise in insurgent actions can be tracked over an eleven-year period to illustrate the trend in internal warfare. In 1976, authorities attributed an average of just four incidents to ANC guerrillas. In 1983, there were 56 Umkhonto strikes, and in 1984 a dip to 44, relecting the ANC's expulsion from Mozambique. But in 1985 the number tripled to a total of 136. Nineteen eighty-six saw a further dramatic rise, to 230. In 1987 ~~attacks~~ reached a new high of at least 247, in spite of the government's claim to have arrested 132 and killed 32 "trained terrorists," a new record. Pretoria has announced that it will no longer unveil the number of insurgent attacks out of concern that opponents "will misuse the figures for political ends."

Most, but not all, Umkhonto bomb attacks have taken place at times of day which minimize human casualties, and against targets connected to the government. Most, but not all, Umhkonto assassination attacks have been directed against security force or police personnel. While the level of violence represented by these incidents remains relatively low, they do indicate that repression has so far failed to disable the ANC underground responsible for insurgent activity.

Pretoria's state of emergency regulations also targeted above-ground organizations such as the United Democratic Front and the COSATU trade union federation, both of which have ties to the ANC. Last February authorities effectively banned the UDF and restricted COSATU from engaging in political activity. The proposed Labour Relations Amendment Act would further limit black labor activity.

The UDF, in particular, appears to have been hit hard by the emergency. Mass street demonstrations, for example, are not taking place at anything like the frequency of 1985-86. Communication between townships is far more dangerous, making it difficult for anti-apartheid organizations to coordinate responses to events or exercise control over their members. Moreover, with so many leaders having disappeared into dentention, many remaining activists are in the process of rethinking strategy.

Remarkably, however, COSATU recently organized a nationwide, three-day stayaway, followed one week later by the one-day stayaway marking the twelfth anniversary of the Soweto uprising. Compliance with the actions ranged according to region from 40 to more than 90 percent of all black workers, a rate that highlighted the persistence of COSATU organizational capabilities around the country despite the emergency regulations.

As you know, Mr. Chairman, the South African government this month renewed and strengthened its state of emergency for another year, citing the presence of a continuing "revolutionary climate" in the country. South Africa appears to have entered a permanent state of emergency owing to the security forces' inability to pull out the roots of anti-apartheid resistance.

Policy Consequences for the U.S.

Despite a surface appearance of black quiescence and white dominion in South Africa, an underground infrastructure of rebellion ensures that anti-apartheid resistance is likely to intensify. Moreover, because black moderates are continuing to be detained and have been unable to show sufficient results for their positions, radical elements are likely to gain influence in the ANC and other organizations.

For a variety of reasons, the time may be ripe for an American policy initiative aimed at expanding contacts with the anti-apartheid resistance. The ANC leadership, now under fire from extremists and nervous about Soviet and frontline state patronage, is showing new eagerness to improve relations with Washington. Other anti-apartheid groups are also interested in improving relations with a post-constructive engagement U.S. administration. Without in any way endorsing any one opposition organization, the U.S. may have an interest in bolstering elements in the union, civic and liberation movements, both in exile and at home, that favor democracy and oppose terrorism. It could do so with a combination of dialogue, diplomatic assistance and financial programs.

At the same time, the embattled frontline states represent more than ever a critical bloc inclined toward a realistic solution to the crisis of apartheid. The Reagan administration has experienced rocky relations with Zimbabwe, Zambia, Mozambique and Angola. The next president, however, could begin anew, forging a partnership with the SADCC nations in the form of regular consultations on anti-apartheid strategies.

Finally, Moscow's re-examination of Soviet policy toward southern Africa may enable the next president to test the limits of Gorbachev's perestroika in foreign policy. Soviet cooperation would be helpful in any effort by the West and the frontline states to back settlement initiatives for South Africa.

Economic and diplomatic sanctions being considered by the Committee represent one method of pressing Pretoria to move away from minority rule. But U.S. policymakers need also to address the emerging opportunities for Washington to sustain and strengthen democratic elements in the anti-apartheid camp. The next president—once he reasserts America's strength and credibility in the region—may be able to excercise unprecedented influence on the course of events in southern Africa. His most effective role could be to serve as a voice of realism, urging both sides to address the fears of the other in the quest for a peaceful and just solution to apartheid.

Thank you Mr. Chairman.

SUPPLEMENTAL TESTIMONY OF MOBIL OIL CORPORATION SUPPORTING ITS POSITION THAT THE PARTS OF S. 2378 WHICH WOULD MAKE MERE OWNERSHIP AND OPERATION OF BUSINESSES STILL OWNED BY U.S. CORPORATIONS AND/OR OTHER U.S. PERSONS IN SOUTH AFRICA 180 DAYS AFTER ENACTMENT ILLEGAL ARE UNCONSTITUTIONAL

(Presented to the U.S. Senate Committee on Foreign Relations June 23, 1988)

Mr. Chairman and other Members of this Committee:

My name is William T Coleman, Jr., senior partner in the law firm of O'Melveny & Myers. I am appearing on behalf of Mobil Oil Corporation ("Mobil") in support of its position that parts of Section 2 of S. 2378, if enacted, would be unconstitutional when applied to Mobil, other U.S. companies and other U.S. persons similarly situated.

Mobil has presented written views which point out why in Mobil's judgment the provisions in S. 2378, to amend the Comprehensive Anti-Apartheid Act of 1986, 22 U.S.C. §§ 5001-5116 (Supp. IV 1986), are undesirable and counterproductive legislation at this time. My testimony, however, solely addresses the constitutionality of those parts of the bill which provide that: "A United States person may not purchase, acquire, own or hold any investment in South Africa," and for him or her to continue to do so 180 days after the bill's enactment is a crime punishable by up to a $250,000 fine and up to five years in prison. See Secs. 2(a), 10.

Mobil companies have been in South Africa continuously for 91 years, having commenced operations in 1897 when Mobil's predecessor, the Vacuum Oil Company, established a branch in what was then the British Cape Colony. As of today, Mobil's investment in its businesses in South Africa amounts to approximately $400 million. One of its subsidiaries engages in marketing petroleum products, including fuels, lubricants, asphalt and special products. That subsidiary also owns or supplies over 1,100 service stations. Another subsidiary owns a 65,000 barrels per day refinery at Durban and a 47% equity interest in another refinery company, the Southern African Oil Refinery.

Mobil exports no crude oil or other petroleum products to South Africa. With respect to its ownership and holdings in South Africa, Mobil has always complied with the existing laws of the United States, including all of the provisions of the Comprehensive Anti-Apartheid Act of 1986. In addition, the U.S. Government has always strongly encouraged Mobil's involvement in South Africa. I think it is fair to say without fear of contradiction that the President of the United States and the Executive Branch of the Government still strongly support such involvement. And whatever the debates were in Congress in 1986, the statute as enacted that year after such debates and the Presidential veto contained no language telling Mobil directly or implicitly to leave South Africa or forbidding it to "own" or "hold" property in South Africa. In fact, the 1986 Act instructed U.S. companies what to do if they stayed in South Africa (see 22 U.S.C. §§ 5034, 5035). Mobil followed these congressional directions.

The current bill -- S. 2378 -- which would make Mobil's mere continued ownership of its South African property illegal 180 days after the bill's enactment, violates, in my judgment, the Fifth Amendment's Just Compensation Clause. It also imposes a severe penalty on any corporation that for whatever reason has been unable to divest entirely within such 180 days or obtain a one-time 180-day waiver from the President. Any corporate official who violates the investment prohibitions in the bill is subject to a fine of $250,000 and/or 5 years imprisonment. Indeed, even an individual shareholder is potentially subject to this penalty if a corporation in which he or she holds stock still owns or holds any investment in South Africa 180 days after the bill's enactment.

My reasons for concluding that Section 2(a) of the bill as written is unconstitutional are as follows:

First, it is undisputed that Congress and the President are bound by the Fifth Amendment even when they act in the foreign affairs area. Dames & Moore v. Regan, 453 U.S. 654 (1981). Thus the Takings and Just Compensation Clauses apply even when the assets involved are in a foreign country and the "taking" occurs on foreign soil. See, e.g., Ramirez de Arellano v. Weinberger, 745 F.2d 1500 (D.C. Cir. 1984) vacated on other grounds, 471 U.S. 1113 (1985); Langenegger v. United States, 756 F.2d 1565 (Fed. Cir.), cert. denied, 474 U.S. 824 (1985). In Dames & Moore v. Regan, supra, the Court acknowledged that, in the context of foreign policy, private citizens may be called upon by the government to sacrifice their property interests for public benefit. But compensation may be required to assure that the burden created by any such taking is distributed in a uniform and fair manner among all citizens. 453 U.S. at 688-91.

> The Court holds that parties whose valid claims are not adjudicated or not fully paid may bring a "taking" claim against the United States in the Court of Claims, the jurisdiction of which this Court acknowledges. The Government must pay just compensation when it furthers the Nation's foreign policy goals by using as "bargaining chips" claims lawfully held by a relatively few persons and subject to the jurisdiction of our courts. The extraordinary powers of the President and Congress

> upon which our decision rests cannot, in the circumstances of this case, displace the Just Compensation Clause of the Constitution.

Dames & Moore v. Regan, 453 U.S. at 691 (1981) (Powell, J., concurring) (footnotes omitted).

Obviously, not every governmental action that results in injury to property is a taking that requires compensation. Keystone Bituminous Coal Ass'n v. De Benedictis, 107 S. Ct. 1232, 1244 n.18 (1987). It has long been established constitutional doctrine, however, that "while property may be regulated to a certain extent, if regulation goes too far it will be recognized as a taking" requiring just compensation under the Fifth Amendment. Pennsylvania Coal Co. v. Mahon, 260 U.S. 393 (1922); see, e.g., Agins v. Tiburon, 447 U.S. 255, 260 (1980); Pruneyard Shopping Center v. Robins, 447 U.S. 74, 83 (1980); Andrus v. Allard, 444 U.S. 51, 65-66 (1979); see also Keystone Bituminous Coal Ass'n v. De Benedictis, 107 S. Ct. at 1253-61 (Rehnquist, C.J., and Powell, O'Connor, Scalia, JJ., dissenting).

In the case of S. 2378, there can be no dispute that the proposed regulation constitutes a "taking" of the property of Mobil and the other similarly situated U.S. companies. The bill categorically prohibits Mobil, among other things, from continuing to "own or hold any investment in South Africa." Moreover, it imposes this new confiscatory regulation without any provision for compensation to the affected property holders. Any sale Mobil could theoretically make to a person or entity outside of the reach of S. 2378 would be at a distressed price, far below the value or even the cost, of Mobil's substantial, and long-standing investment.

This taking offends the Fifth Amendment in three key respects. *First*, the taking is *complete* and *total* in that it affects the entire extent of Mobil's ownership interest in its long and legally held South African properties by denying Mobil the right to continued ownership of the property. Thus, it denies Mobil the essence of ownership: the right to hold and use the property. There can be no argument that the regulation affects only an insubstantial segment of Mobil's ownership interests in South Africa. *Second*, the effect of the regulatory confiscation on Mobil is *permanent* in its duration in that the only way Mobil could comply with the mandate of S. 2378 is to divest itself totally of its property rights within the 180 day time period prescribed in the proposed legislation. It is obvious, for example, that Mobil cannot physically remove its refinery, gas stations and other physical assets from South Africa. Even if, at some future point, the situation in South Africa were to improve to the point that Congress determined that the restrictions of S.2378 could be repealed, the intervening harm to Mobil would persist in that Mobil, having once complied with the mandate of S. 2378, would no longer own the property. Third, no benefit is bestowed on Mobil.

At one time, some constitutional scholars thought that the Fifth Amendment applied only when the U.S. Government actually took the property itself or obtained the beneficial ownership thereof. Today, however, the Court no longer requires that the U.S. Government either take physical possession of the property or receive any benefit from the property taken. "While the typical taking occurs when the government acts to condemn property in the exercise of its power of eminent domain, the entire doctrine of inverse condemnation is predicated on the proposition that a taking may occur without such formal proceedings." First English Evangelical Lutheran Church v. Los Angeles County, ___ U.S. ___, 107 S. Ct. 2378, 2386 (1987). Indeed, the government need only effectively force the owner to transfer the property to other parties. Hawaii Housing Authority v. Midkiff, 467 U.S. 229 (1984).

Thus, it is my judgment that the bill's economic impact on Mobil, its interference with Mobil's reasonable investment-backed expectations and its restrictions on the way in which Mobil could dispose of its property in South Africa, if at all, and even then only at a fire sale price, are substantial and sufficiently severe to constitute an unlawful taking. As a result, the U.S. Government will be exposed to the possibility of billions of dollars of liability and, in any event, will experience adverse consequences on its tax revenues.

I have attached to this testimony the Opinion Letter which I rendered on behalf of my law firm, O'Melveny & Myers, to Mobil's General Counsel-International Division on April 10, 1988 with respect to similar provisions in H.R. 1580 and H.R. 3317.

Often members of Congress are quoted as saying that it is their obligation to pass statutes but they do not have to consider their constitutionality as this is left for the courts. (See Judge Mikva's comments in the New York Times, June 3, 1988, at B6). But as Judge Abner J. Mikva, formerly a Member of the House from Illinois and now a judge on the United States Court of Appeals for the District of Columbia Circuit, observed in such _New York Times_ article entitled _What's a Lawmaker to Do About the Constitution?_, Congress does have the obligation to look at the constitutionality of a particular provision. Members of Congress take an oath to support the Constitution and to "bear true faith and allegiance" to it. See also U.S. Const., Art. VI, cl. 3. Congress must seriously address the constitutional issue here submitted rather than leave it to the courts to correct. Cf. Cooper v. Aaron, 358 U.S. 1, 18 (1958).

Mobil abhors apartheid and wishes to see it ended forthwith in South Africa. Mobil, of course, hopes that it and its shareholders' constitutional rights are not violated in this body's pursuit of that objective.

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OUR FILE NUMBER

WRITER'S DIRECT DIAL NUMBER

(202) 383-5325

Mr. David Boutte'
General Counsel
Mobil International
150 East 42 Street
New York, New York

Re: The Constitutionality of Those Parts of the Dellums and Wise Bills which, inter alia, Would Make Present Ownership of Businesses by United States Citizens Illegal in South Africa

Dear Mr. Boutte':

At your request we have examined the texts of the Dellums Bill (H.R. 1580) and the Wise bill (H.R. 3317) each of which would impose additional sanctions on South Africa. The Dellums Bill, inter alia, would make it illegal for a United States company to continue to own property, including business organizations, in South Africa even though such ownership existed before the passage of the bill and is, and always has been, legal under the Comprehensive Anti-Apartheid Act of 1986, 22 U.S.C. §§ 5001-5116 (Supp. IV 1986). The Wise bill, inter alia, would make it illegal for a United States company to continue to own property, including business activities involved in refining and sale of gasoline and related petroleum products in South Africa, even though such ownership existed before the passage of the bill and is, and always has been, legal under the Comprehensive Anti-Apartheid Act of 1986, 22 U.S.C. §§ 5001-5116 (Supp. IV 1986).

We limited our examination to those portions of the bills that, if enacted into law, would require Mobil to divest itself of its existing investments in South Africa. Our analysis focuses exclusively on the constitutionality of section 1 of the Dellums Bill and section 2 of the Wise Bill as those sections apply to a United States person in Mobil's position. Thus, we are not dealing with the parts of such bills which prohibit new investments in South Africa or the

EXHIBIT

parts of such bills which continue the present prohibition against the export of oil or any petroleum product to South Africa by United States companies. Mobil always has complied with such prohibitions. Specifically, it does not transport or export crude oil or any petroleum products to South Africa. We understand that Mobil's present ownership of property in South Africa and the business activities that it presently conducts in South Africa are, and always have been, in full compliance with United States law, including the Comprehensive Anti-Apartheid Act of 1986, 22 U.S.C. §§ 5001-5116 (Supp. IV 1986) which was enacted on October 2, 1986. We also understand that at least since October 2, 1986 Mobil has not made any new investment in South Africa as that term is defined in § 4 of the Comprehensive Anti-Apartheid Act of 1986, 22 U.S.C. §§ 5001-5116 (Supp. IV 1986).

After careful consideration of the relevant case law, including very recent developments in the Supreme Court's application of the Fifth Amendment to legislative enactments, which, in fact, destroy or significantly reduce the value of property held for legal purposes, we conclude that there exists a strong likelihood that the federal courts will apply the Fifth Amendment's just compensation clause to certain portions of the bills as they are now written, since the enactment therof would constitute a "taking" and the bills contain no provisions for the payment of just compensation by the United States Government to the United States persons who presently own such property.

Our reasons are:

The Congress and the President are bound by the provisions of the Bill of Rights even when their acts occur in the foreign affairs area. In Dames & Moore v. Regan, 453 U.S. 654 (1981), the Court acknowledged that, in the context of foreign policy, private citizens may be called upon by the government to sacrifice their property interests for public benefit, but that compensation may be required to assure that the burden created by such a taking is distributed in a uniform and fair manner among all citizens. Id. at 688-90. The Court's recent opinion in Japanese Whaling Ass'n v. American Cetacean Soc'y, 478 U.S. 221 (1986), indicates that suits seeking just compensation for a taking arising out of a program of economic sanctions are justiciable.

In an earlier era such actions by the Congress or the President may have been barred by the political question doctrine. See, e.g., Chicago & S. Air Lines v. Waterman S.S.

Corp., 333 U.S. 103 (1948). However *Baker v. Carr*, 369 U.S. 186 (1962) provides the modern view that "it is error to suppose that every case or controversy which touches foreign relations lies beyond judicial cognizance." *Id*. at 211. Under this guidance from the Supreme Court, the appellate courts have had no difficulty in reaching the merits of actions that allege Fifth Amendment takings by the United States Government of foreign property owned by United States persons even though such property is located in a foreign country. *See*, *e.g.*, *Ramirez de Arellano v. Weinberger*, 745 F.2d 1500 (D.C. Cir. 1984), *vacated* *on* *other* *grounds*, 471 U.S. 1113 (1985); *Langenegger v. United States*, 756 F.2d. 1565 (Fed Cir.), *cert*. *denied*, 474 U.S. 824 (1985).

The Fifth Amendment of the United States Constitution provides that "private property [shall not] be taken for public use without just compensation." The Court repeatedly has stated that the purpose of this provision is "to bar government from forcing some people alone to bear public burdens which, in all fairness and justice, should be borne by the public as a whole." *Armstrong v. United States*, 364 U.S. 40, 49 (1960); *Webb's Fabulous Pharmacies, Inc. v. Beckwith*, 449 U.S. 155, 163 (1980); *Monongahela Navigation Co. v. United States*, 148 U.S. 312, 325 (1893). The Court's imposition of a compensation requirement in no way restricts the government from taking whatever actions it deems necessary; the requirement simply requires the government to pay for whatever property those actions take. *Nollan v. California Coastal Comm'n*, ___ U.S. ___, 107 U.S. 3141 (1987).

In establishing the federal government's duty to compensate owners for property takings, the Court has allowed the federal government great flexibility when its agents must act quickly under the exigencies of war or similar emergencies. *See*, *e.g.*, *United States v. Caltex (Philippines) Inc.*, 344 U.S. 149 (1952); *National Board of YMCA v. United States*, 395 U.S. 85 (1969). These cases, however, do not extend to property losses caused by acts about which the government has had ample time for deliberation. In such circumstances, takings should be evaluated not only in the context of their objectives, but also in the context of expected costs and their disproportionate allocation of those costs. *See* Cohen and Ravitch, *Economic Sanctions, Domestic Deprivations, and the Just Compensation Clause: Enforcing the Fifth Amendment in the Foreign Affairs Context*, 13 Yale J. Int'l L. 146 (1988).

Parts of the Wise Bill and the Dellums Bill, as presently drafted, as they would affect Mobil, provide an example of an unfair and disproportionate allocation of costs. Under section 1 and section 13 of the Dellums Bill and under section 2(a) of the Wise Bill, Mobil would be unable to continue to hold for more than six months (180 days in the Wise Bill) the property that it legally holds under the Comprehensive Anti-Apartheid Act of 1986, 22 U.S.C. §§ 5001-5116 (Supp. IV 1986). Mobil, as the Congress knows, could not recover its $400 million investment through sale, could not remove the property from South Africa, and would receive whatever price it was offered for its property in a special South African currency which cannot be used outside of South Africa. If Mobil were permitted to remove the proceeds from South Africa it would have to convert into the financial rand which has even a much lower currency exchange value. And, there exists the great possibility that the enactment of the Dellums or Wise Bill in their present form would cause the South African government to block all withdrawal of funds even at the financial rand rate. Moreover, Mobil would probably find that, under either the provisions of the Wise Bill or the Dellums Bill, it was illegal to maintain or deploy the proceeds of the sale in South Africa. Therefore, Mobil would find itself in a paradoxical position of violating the law if it did not divest and probably violating the law if it did and received some payment however inadequate. In either event, Mobil would suffer drastic economic losses. These financial and legal detriments would be visited on Mobil even though it had relied upon present United States law, including the recently enacted Comprehensive Anti-Apartheid Act of 1986, 22 U.S.C. §§ 5001-5116 (Supp. IV 1986).

The Court no longer requires that the United States Government take physical possession of property in order to "occupy" it for purposes of the taking and just compensation provisions of the Fifth Amendment. The government need only require that the owner transfer the property to other parties. Hawaii Housing Authority v. Midkiff, 467 U.S. 229 (1984). Such "a permanent physical occupation authorized by government is a taking without regard to the public interests that it may serve." Loretto v. Teleprompter Manhattan CATV Corp., 458 U.S. 419, 426 (1982).

The heart of the concept of occupation under Loretto is the element of required acquiescence to a divestiture of even a small portion of one's property. See Federal Communications Comm'n v. Florida Power Corp., ___ U.S. ___, 107 S. Ct. 1107 (1987). "[S]uch an occupation is qualitatively more severe than a regulation of the use of property... since the owner may have no control over the timing, extent, or nature of the invasion." Loretto, 458 U.S. at 436 (emphasis in original). The unconstitutional statute in Loretto required that property owners sell to a private third party only about one-eight of a cubic foot of space on their property. The Dellums and Wise Bills would require Mobil to sell or abandon more than $400 million worth of property without allowing Mobil significant influence over the "timing, extent or nature" of the divestiture. Therefore, the bills, if enacted in their present form, easily fall within the Loretto definition of a statute that establishes a taking by physical occupation without regard to the public interests advanced. See also Hodel v. Irving, ____ U.S. ____, 107 S.Ct. 2076 (1987).

The Court has upheld federal regulations that require owners of broadcasting properties to divest themselves of properties in a given geographical area in order to advance certain public interests. Federal Communication Comm'n v. National Citizens Committee for Broadcasting, 436 U.S. 775 (1978). But (and it is an important but), in upholding these rules against constitutional attack, the Court explicitly noted the availability of waivers to address the problem of possible economic hardship to a property owner in securing an adequate operating return from the property and in securing an adequate purchase price. Id. at 802 n.20. The Dellums and Wise Bills contain no analogous provisions that would allow Mobil to realize a fair return from its South African property. Therefore, the bills, if enacted in their present form, would contain a substantial constitutional deficiency.

The Court also recognizes that United States Government actions may effect a compensable taking even if possession of the property does not pass to the government pursuant to an act of eminent domain or to a private party pursuant to statute. "While the typical taking occurs when the government acts to condemn property in the exercise of its power of eminent domain, the entire doctrine of inverse condemnation is predicated on the proposition that a taking may occur without such formal proceedings." First English Evangelical Lutheran Church v. Los Angeles County, _____ U.S. ___, 107 S.Ct. 2378, 2386 (1987). Obviously not every governmental action that results in injury to property is a taking that requires compensation. See Keystone Bituminous Coal Ass'n v. De Benedictis, ___ U.S. ___, 107 S.Ct. 1232, 1244 n.18 (1987). However the Court long has indicated that statutes affecting the use and possession of property may constitute a taking of the property if the restrictions that they impose are sufficiently severe. See, e.g., Agins v. Tiburon, 447 U.S. 255, 260 (1980); Pruneyard Shopping Center v. Robins, 447 U.S. 74, 83 (1980); Andrus v. Allard, 444 U.S. 51, 65-66 (1979); Pennsylvania Coal. Co. v. Mahon, 260 U.S. 393, 415-416 (1922).

Regulations that deprive an owner of the highest returns from property are not unconstitutional. Goldblatt v. Town of Hemstead, 369 U.S. 590, 592 (1962). However the government must permit the owner to have a reasonably beneficial use of the property and further opportunities to enhance the return from the property. Penn Central Transp. Co. v. City of New York, 438 U.S. 104, 138 (1978). Therefore the Dellums and Wise Bills are constitutionally deficient because they would eliminate any and all returns to Mobil from its South African property.

In summary, the Dellums and Wise bills, if enacted in their present form, will result in a "taking" of Mobil's property presently in South Africa which ownership and use are, and have always been, legal until the enactment of either bill. And, because the bills contain no provisions for just compensation, their application to Mobil would violate the Fifth Amendment. Three factors will guide the Court's decision: the bills' economic impact on Mobil, their interference with Mobil's reasonable investment-backed expectations, and the character of the intrusion that the bills mandate. See Connolly v. Pension Benefit Guar. Corp., 475 U.S. 211, 225 (1985); Kaiser Aetna v. United States, 444 U.S. 164 (1979).

As stated above, there can be no doubt that the bills' economic impact upon Mobil will be substantial. The bills will prohibit Mobil from holding some $400 million of assets that it has invested legally in South Africa. Since Mobil cannot physically remove the assets from South Africa, Mobil faces the "Hobson's choice" of abandoning the assets or disposing of them at "firesale prices". The result of either choice is the same - Mobil's permanent loss of virtually the entire $400 million invested plus the present net worth of such property. Mobil's investment-backed expectations of a return from the property were reasonable. Prior to October 2, 1986, the Company, when it was perfectly legal for it to do so, has made substantial investments in its South African property for more than ninety years in accord with longstanding United States policies and laws. It has conducted the operations of its property in accord with existing legislation. The bills' interference with Mobil's property interest is of a particularly harsh character that invokes the *Loretto* occupation standard and the *Penn Central* beneficial use standard. The bills would require Mobil completely to divest itself of all of its South African property without providing any latitude for Mobil to protect itself against sudden and extreme losses.

Since the members of Congress take an oath which includes a provision "they shall be bound by oath . . . to support the Constitution . . . ," Congress must seriously address the constitutional issue here submitted rather than merely say that it will leave it to the courts to correct if Congress went too far. *Cf*. *Cooper v. Aaron*, 358 U.S. 1, 18 (1958).

Mobil abhors apartheid and wishes to see it end forthwith in South Africa. Mobil strongly desires that blacks and other non-white South Afircans presently have full right of participation in the governance, business, and political activities in South Africa. Mobil, as stated in its written testimony before the Congress, considers itself to be in the forefront of aggressive and meaningful efforts to end apartheid in South Africa and will continue to devote vigorously and enthusiastically its resources toward that objective in conformity with the letter and spirit of United States laws and policies.

Very truly yours,

O'Melveny & Myers

by
William T. Coleman, Jr.
Partner

STATEMENT OF MOBIL OIL CORPORATION
Presented to the U. S. Senate
Committee on Foreign Relations

June 23, 1988

Mr. Chairman:

Mobil Oil Corporation (Mobil) would like to thank the Committee for this opportunity to present its views for the record in your deliberations on S. 2378, a bill to amend the Comprehensive Anti-Apartheid Act of 1986 by, among other things, requiring U.S. persons to divest themselves of any investments in South Africa.

MOBIL'S BUSINESS ACTIVITIES IN SOUTH AFRICA

Mobil companies have been in South Africa continuously for 91 years, having commenced operations in 1897 when Mobil's predecessor, the Vacuum Oil Company, established a branch in what was then the British Cape Colony. Throughout the years, Mobil's involvement in South Africa has been strongly encouraged by the U.S. Government and has been conducted in a manner consistent with and expressly approved by U.S. law.

Mobil's investment in its South African companies totals approximately 400 million dollars. Mobil Oil Southern Africa (MOSA) is engaged in marketing petroleum products including fuels, lubricants, asphalt and special products. MOSA owns or supplies more than 1,100 service stations. Mobil Refining Company Southern Africa (MOREF) owns a 65,000-barrels per day refinery at Durban, and also a 47% equity interest in Southern African Oil Refinery (SAFOR) which owns a lube oil refinery adjacent to MOREF's fuel oil refinery. These Mobil affiliates also carry on asphalt manufacturing, road surfacing, coastal marine and insurance activities in South Africa; however, the latter operations are minor in comparison with our petroleum business.

Together, Mobil's South African subsidiaries employ 2,927 persons of whom 1,297 (44%) are White, 948 (32%) are Black, 444 (15%) are Coloured (a South African term meaning "of mixed race") and 238 (8%) are Asian.

Before proceeding, we would like to clear up one absolutely false accusation regarding Mobil's business activities periodically raised by the proponents of sanctions and divestiture. It has, from time to time, been charged or suggested that Mobil supplies crude oil to South Africa. In fact, however, since the passage of the Comprehensive Anti-Apartheid Act in 1986 (22 U.S.C. Sec. 5071), it is illegal for any person subject to the jurisdiction of the United States to export crude oil or refined petroleum products to South Africa. Mobil has complied fully with the letter and the spirit of U.S. law on this subject. Moreover, for a number of years preceding passage of the Anti-Apartheid Act, neither Mobil nor any of its worldwide affiliates (including MOSA and MOREF) supplied crude oil to South Africa.

OVERVIEW OF MOBIL'S POSITION AND ACTIVITIES AGAINST APARTHEID

Given the size of MOSA and MOREF's workforce and investment, and the long duration of their operations in South Africa, we believe Mobil is especially qualified to comment upon the impact and likely results of the legislation before this Committee. Mobil's views, as you will see, reflect our deep concern for (1) the 2,927 Mobil employees and their families whose jobs and livelihoods will be put into immediate jeopardy if the proposed legislation passes; (2) the 244,000 Mobil shareholders who stand to lose substantially and face potential liability if divestment is suddenly imposed upon us; and (3) the millions of South Africans whose already troubled lives will be thrown into even greater uncertainty and despair if the United States Congress does not exercise special care in determining how best to influence meaningful change.

Mobil shares fully in the conviction of all decent people that apartheid must be dismantled and that non-Whites should be given full political and economic freedom. The issue, however, is not whether apartheid should be allowed to continue, but whether the presence in South Africa of companies like Mobil will help Black, Coloured and Asian South Africans achieve freedom, human dignity and, ultimately, enfranchisement more quickly than would our withdrawal. In our view, the presence in South Africa of Mobil and the other Sullivan companies (now known as "The Signatory Companies to the Statement of Principles for South Africa") provides a vital counterweight to apartheid - a role recently described in a Washington Post editorial as the "vanguard of equal rights." The Washington Post, January 3, 1988. Our outspoken actions, both publicly and privately, serve as a constant reminder to the South African Government that the rest of the civilized world fundamentally and vehemently disagrees with South Africa's human rights policies. Our affiliates' presence as employers of a segment of the Black, Coloured and Asian population allows them to participate as a moving force within South African society and to institute meaningful changes directly in the workplace.

Mobil's South African subsidiaries have steadfastly rejected racial separation of any kind, whether in job categories or otherwise. We have insisted on "equal pay for equal work"; have recognized and supported unions; and have exercised a leadership role in the recruitment, training and advancement into management of Black, Coloured and Asian employees and supervisors.

- By mid-1987, 222 (30%) of the 751 supervisory and management positions were filled by non-Whites. This compared to 186 (24%) non-Whites in 1986 out of a total of 774.
- Of the 643 employees in the "skilled" category, 516 (80%) were non-Whites as of mid-1987.
- Non-Whites now fill 1,630 (56%) out of a total of 2,927 positions.

Looking beyond our internal corporate interests, in 1987 Mobil Oil Southern Africa committed $20 million to establish Mobil Oil Southern Africa Foundation whose charter is to expend these funds equally over the next five years in the fields of education, agriculture, health services and small business development in Black and other non-White communities in South Africa.

Moreover, Mobil has not been alone among the U.S. companies in South Africa in the effort to end apartheid. In Arthur D. Little's "Eleventh Report on the Signatory Companies to the Statement of Principles for South Africa" (November 5, 1987), it is noted at page 2 that:

> "Results of the Eleventh Report show that Signatories continued to increase their efforts in the areas of Education for Non-Employees, Training and Advancement, Community Development and Social Justice. Expenditures for education of Black, Coloured and Asian non-employees rose to an impressive 31 million rand ($15.6 million). The average percentage of Blacks, Coloureds and Asians filling managerial vacancies rose from 20 percent in the Tenth Report to 24 percent in the Eleventh Report; supervisory vacancies filled by Blacks, Coloureds and Asians rose from 52 to 60 percent. Purchases of goods and services from Black, Coloured and Asian businesses rose 23 percent to 27 million rand ($13.6 million). These accomplishments are all the more impressive when recognizing that the number of Signatories reporting on standard questionnaires decreased by 25 percent."

Last year alone, American companies gave direct financial assistance to 12,000 non-White students at all educational levels and assistance to schools in non-White community areas with a total of 278,000 students. The size and significance of Mobil's and the other 79 Sullivan signatories' financial commitment to South Africa's disadvantaged majority becomes all the more graphic when it is recalled that, under S. 2378, the entire U.S. foreign assistance to disadvantaged South Africans will be only "up to $40 million per year" after the U.S. companies are forced to withdraw:

> "Sec. 535. Economic Support for Disadvantaged South Africans. - (a)(1) Up to $40,000,000 of the funds authorized to be appropriated to carry out this chapter and any other economic development assistance activities under the Foreign Assistance Act of 1961, for the fiscal year 1989 and each fiscal year thereafter, shall be available for assistance for disadvantaged South Africans. . . . Such activities may include scholarships, assistance to promote the participation of disadvantaged South Africans in trade unions and private enterprise, alternative education and community development programs, and training and other assistance (including legal aid in challenging government media restrictions) for South African journalists."

A recent Report entitled "Sanctions and South Africa", by Merle Lipton for The Ecomomist Intelligence Unit (January 1988), concluded:

> "It is widely agreed that the level of "social responsibility" spending by U.S. corporations in South Africa is far in excess of that in most other countries. Their efforts -- together with those of progressive South African capital -- have contributed towards the erosion of job colour bars, integration of amenities at the workplace and the emergence of Black trade unions.
>
> Companies which adhere to the codes have an interest in ensuring that their competitors do likewise and in curbing rogue employers who attract unfavorable media attention and give all employers a bad name. Companies like IBM, General Motors, Ford and Mobil have indeed supported efforts to tighten the codes." Sanctions and South Africa, p.70.

Unfortunately, the record demonstrates that when U.S. companies have elected to withdraw from South Africa, their successors typically do not feel compelled to continue these aggressive programs and examples. "Takeovers can also result in less favorable terms of employment, as companies no longer regard themselves bound by codes of conduct and are more insulated from the pressures of overseas lobbies." Sanctions and South Africa, p. 93. See also, Dow Jones, February 20, 1987, reporting that "The local management group that took over operation of General Motors

(GM) South Africa announced Friday it would no longer subscribe to the Sullivan Principles."

THE NEED FOR BREATHING SPACE AND ECONOMIC EMPOWERMENT

In our view, the efforts of the U.S. firms remaining in South Africa, together with constant, but well considered, pressure exerted on Pretoria by the United States, the United Nations and concerned people and nations around the world, give the competing interests in South Africa breathing space to sort out their struggle through peaceful means. If we truly believe in capitalism and democracy, then we must recognize that the best hope for enlightened change is economic expansion, not economic destruction. Based upon our experience in South Africa, it is the expansion of South Africa's economy, more than any other single factor, that has led to greatly increased numbers of Blacks in supervisory positions, improvements in education, the creation of unions, and the expansion of Black urban population areas. It is companies like Mobil, on the ground in South Africa, who have been the first to recognize the imperative to train Blacks for skilled jobs, to sign union agreements and to find suitable housing for employees and their families despite the frustrating and self defeating limitations imposed by Pretoria.

This notion of progressive "economic empowerment" is the strongest weapon available in any society against racism and bigotry. If one needs proof, look to the experience of the United States where countless ethnic groups remained downtrodden only until they began to achieve educational and economic opportunities. If, however, Congress acts by design to undermine the economic base of South Africa through sweeping sanctions and forced divestitures, it will be denying South Africa's oppressed their most potent and viable weapon against apartheid.

Consider, for example, the testimony of the Southern Africa Black Taxi Association in recent hearings in the House on the proposed Dellums and Wise legislation. This group of 45,000 Black small businessmen pointed out that they are, "the largest non-government consumer of gasoline (over 11% of sales nationwide), tires and other such material, and that they have grown large by providing services to the Black community at the expense of the large bus companies which are predominantly White-owned. . . . However, the Black taxi owner typifies many hundreds of thousands of other Black businessmen -- the hawker who sells goods on street corners, the tavern owners, the builders. All of these have one thing in common. They need a healthy and expanding economy in order to survive." (Testimony at pp. 4-5).

INCREASED SANCTIONS AND U.S. DIVESTITURES WILL HURT THE VERY GROUPS THEY ARE INTENDED TO HELP

In deciding how best to contribute to the downfall of apartheid, it is also useful to bear in mind how dramatically small the White population is in South Africa. According to a February, 1988 report by the Investor Responsibility Research Center, Inc.:

> "The population of South Africa is now approximately 33.6 million, including the four independent homelands. Indigenous Africans comprise 74 percent of this total, or 24.9 million. The 860,000 Asians, many of whose ancestors were brought into South Africa to work on the sugar plantations of Natal province, and the 2.9 million Coloureds, the people of mixed race, together comprise approximately 11 percent of the total population. A slight majority of the 4.9 million Whites are Afrikaners, the descendants of the first Dutch, French Huguenot and German settlers."

With only 15% of the population, South African Whites cannot possibly fill all of the skilled, supervisory, entrepreneurial and other jobs in an expanding economy. If, however, the proponents of sanctions and divestment succeed in their plan to destroy South Africa's economy, it will be non-Whites who suffer the resulting unemployment and loss of training and opportunity. At page 102 of Sanctions and South Africa, Merle Lipton concludes that in the face of increased sanctions, "The Government will be concerned to protect the living standards of the skilled and professional people needed to run the economy, and of its own supporters.... The main brunt of sanctions will thus be borne by blacks, who comprise the majority of the work force." This concern was echoed by Alan Paton, author of Cry the Beloved Country, who said,

> "Those who will pay most grievously for disinvestment will be the Black workers of South Africa. I take very seriously the teachings of the gospels, in particular the parables about giving drink to the thirsty and food to the hungry. I will not help to cause any such suffering to any Black person."

Even without further sanctions, there are already well over two million unemployed Blacks in South Africa and, according to the testimony of Roger Riddell of the Overseas Development Institute in London, "the economy has failed to absorb between 150,000 and 200,000 new entrants to the labour force each year since the Soweto uprising of 1976. At least 16% and maybe as high a figure as 30% of the Black workforce is currently unemployed." Id.at 16. New sanctions will exacerbate the problem. The Chamber of Mines and the Steel and Engineering Industries Federation (Seifsa), for example, have estimated that the 1986 bans on iron, steel and coal could result in the direct loss of over 50,000 jobs, not to mention the resulting "ripple-effect" in related services, commerce and consumer areas.

Too much of modern-day Africa has already been reduced to economic stagnation which neither serves its people, nor provides a fertile base for the development of democratic ideas. We recognize, of course, that a frequent argument expressed by proponents of further sanctions is that most Blacks are prepared to suffer additional deprivation in a campaign aimed at destroying apartheid. The obvious question, however, is how much additional deprivation is acceptable and for what period of time? If, for example, stringent additional sanctions would produce the non-violent downfall of apartheid in a matter of, say, six, twelve or even eighteen months, then the resulting hardships might be worth it. The overwhelming evidence suggests that a more realistic time period would involve a period of several years at least. South Africa, logic would dictate, would be especially resilient to unilateral sanctions by the U.S. It has a very determined conservative government, a White population with no other homeland to return to, enormous natural resources including nearly unparalleled diamond and gold reserves, virtual fuels independence, and an exceptionally powerful military and police force.

Moreover, what basis is there for believing that America can correct the injustices in South Africa through unilateral sanctions rejected by our closest trading partners? Even the House Foreign Affairs Committee Report acknowledges that:

> "In the past year, Hong Kong's exports to South Africa have doubled; Japanese exports have increased by 18 percent making it South Africa's number one trade partner; German banks have extended new credits to South African parastatals; and a number of foreign companies have made new investments in special 'decentralized' areas." Report of the Committee on Foreign Affairs U.S. House of Representatives on H.R. 1580 (May 20, 1988).

Thus, we believe South Africa is far more resilient to unilateral U.S. sanctions than the legislation's proponents suggest, and that the proposed sanctions will lead only to a prolonged period of attrition. In the process, the proposed legislation will hurt the very groups it is intended to help, and America will be viewed as the cause of the harm. As James Nycoya, the President of the South African Black Taxi Association, testified before the House Subcommittee on Africa, "I ask you to listen to our voices . . . before you decide what is good for us. Before you decide that black children must go hungry so you can be on the right side of history."

WHY THE PROPOSED SANCTIONS AND DIVESTITURES WILL NOT ACHIEVE THEIR INTENDED RESULTS IN AN ACCEPTABLE TIMEFRAME

In his testimony supporting the House counterpart to S. 2378, Congressman Wise made several assertions which we feel particularly compelled to address. The first of these appears on page 4 of his testimony wherein he states, "A divestiture of the oil industry would leave South Africa without the capital and the expertise to maintain its oil production. The resulting financial burden would be almost devastating, forcing South Africa to come to the bargaining table." Since South Africa has no indigenous crude oil reserves, we assume the Congressman is referring to South Africa's ability to continue the operation of the refineries currently owned and operated by U.S. companies.

- SOUTH AFRICA HAS EXISTING REFINERIES AND SYNTHETIC FUELS FACILITIES SUFFICIENT TO MEET ITS FUELS REQUIREMENTS

Certainly Congressman Wise and the other proponents of this legislation recognize that if the U.S. oil companies were forced to divest, we would not be allowed, nor would it be physically possible, for us to take our refineries with us. Thus, upon our departure, the refineries would remain in place, ready for the new owners to continue production. Even if U.S. companies were required by the proposed legislation to remove any existing "technology" or catalysts from the plants, it is highly feasible for the South Africans to obtain substitute technologies and catalysts from non-U.S. suppliers. With respect to "expertise," we need note only that the vast majority of our employees, including our most skilled employees, are South Africans who, presumably, would be readily available to continue the operation of the facilities. In this connection, it should also be pointed out that South Africans designed, built and operate the SASOL synthetic fuel plants which are among the most complex and sophisticated in the world. Given that the South Africans have the ability and the technology to design and run the complex SASOL facilities, there is absolutely no basis for assuming they would be unable to manage refineries of the type operated by U.S. companies in South Africa.

- DIVESTITURE BY U.S. COMPANIES WOULD NOT CRIPPLE SOUTH AFRICAN ENERGY PRODUCTION

At page 6 of his testimony, Congressman Wise asserts that, "Divestiture by the large companies working in the country would cripple South African energy production to the point that it would have to negotiate reform." Similarly, at page 4, he maintains that, "Oil imports are absolutely vital to South Africa. Oil is the only strategic raw material which South Africa does not have in commercially exploitable quantities, making the country very dependent on the outside world for its liquid fuel needs."

The facts, however, are overwhelmingly to the contrary. Even with only modest additional synfuels production, South Africa's existing crude oil refineries are believed to have sufficient capacity to meet the country's demands for many years. Moreover, as the Investor Responsibility Research Center pointed out in recent testimony by Merle Lipton before the House Subcommittees:

> "South Africa is now dependent on oil for only 30 percent of its energy requirements, which is low by international standards. Instead it relies on coal (of which it has massive reserves) and it is also developing nuclear energy. Of the 30 percent oil requirement, about 40 percent is already produced by SASOL 1, 2 and 3 oil-from-coal plants (using a liquefaction process developed in South Africa.) *This leaves only 18 percent of South Africa's energy needs dependent on imported oil. The latest round of sanctions contributed to the government's recent decisions to go ahead with other synthetic fuel projects.* These include a multi-billion rand project to exploit offshore gas reserves near Mossel Bay, which is expected to provide an additional 5 to 10 percent of fuel requirements. There will also be support for new oil-from-coal projects, as well as for a project to convert sugar into ethanol for use as a fuel extender. The coal and sugar projects will help to compensate the coal and sugar industries for export losses they may suffer under sanctions." Testimony at pp. 4-5 (Italics added).

South Africa also has two lubricant refineries, a number of lube re-refiners, and sophisticated solvent maunfacturing facilities within the country. Thus, contrary to the divestment proponents' suggestions, South Africa is not solely dependent upon direct imports for its lubricant and solvent requirements.

Even more importantly, one should not lose sight of the fact that the proposed legislation is inherently limited to the jurisdictional reach of the United States. Our key trading partners, including the U.K. and Germany, as well as many of the rest of the world's oil producers and suppliers, have expressly rejected or ignored the U.S. approach of aggressive sanctions against South Africa. Short of a maritime blockade of South Africa's enormous coastline, how could the United States prevent non-U.S. traders, bent on doing business with the South African government, from filling any of their needs? Indeed, as we noted at the outset, to our knowledge, no U.S. company has supplied crude oil to South Africa since long before the passage of the Comprehensive Anti-Apartheid Act. Nonetheless, the South African Government has found readily available supplies of crude both to meet its relatively small demand for imports and, at the same time, to fill what appears to be a sizeable reserve.

- THE DIVESTITURE OF U.S. MARKETING AND REFINING FACILITIES WILL NOT DEPRIVE SOUTH AFRICA OF THE CAPITAL REQUIRED TO MAINTAIN ITS OIL AND FUELS PRODUCTION CAPACITY

We also cannot see any basis for the assumption by the proponents of this legislation that the departure of U.S. oil companies would deprive South Africa of the capital necessary to maintain its oil production. Under the Comprehensive Anti-Apartheid Act, U.S. persons are already prohibited from injecting new money into South Africa. Second, if the proposed legislation forces U.S. companies to divest, the South Africans will be the primary beneficiaries:

> "The failure of sanctions to have a dramatic impact on the South African economy is very evident in the case of the withdrawal of foreign (particularly U.S.) companies. Just over one-half of the U.S. companies with direct investments in South Africa have "withdrawn" since 1984. Yet practically all the plants continue to operate, many of them with franchise or licensing agreements enabling them to sell the same products, produced in the same way. Moreover, it is generally agreed that disinvestment has had some unintended consequences, leading to windfall gains for the (mainly White South African) companies that bought out the withdrawing foreign firms." Id., p. 8.

Examples of these "windfall sales" of valuable assets to South Africans include Barclays of the U.K. and Ford of the U.S. which were purchased by the South African conglomerate Anglo American. Nearly 30 percent of the withdrawals resulted in management buyouts or sales to trusts such as those concerning IBM and General Motors. Moreover, even with divestiture, there is no guarantee the withdrawing U.S. companies will be allowed to take the proceeds of the sale of their businesses out of the country. The South African Government has already demonstrated its willingness and ability to prevent any significant flight of capital simply (in the case of U.S. and European banks) by refusing to arrange the necessary exchange approvals. Sales on this basis enhance, rather than deplete, South Africa's capital position and do not result in a "devastating destruction" of its capital base.

THE DIVESTMENT PROVISIONS OF S. 2378 CONSTITUTE UNCONSTITUTIONAL TAKINGS OF PRIVATE PROPERTY WITHOUT JUST COMPENSATION

If passed into law, S. 2378 would, among other things, make it unlawful after a specified period of time for a United States person to "hold any investment" in South Africa. This restriction, when applied to Mobil's long-standing marketing and refining facilities, which by their very nature cannot be removed from South Africa, raises a serious constitutional question under the takings clause of the Fifth Amendment of the United States Constitution. As we understand the proposed legislation, Mobil would be forced, for reasons of furthering new directions in U.S. foreign policy, to divest completely its South African holdings under what, reason dictates, would be severely unfavorable market conditions. As Congress knows, if this legislation passes, Mobil will not be able to sell its South African property at anything approaching a fair price. Retaliatory actions by the South African Government, through foreign exchange controls or otherwise, may further frustrate Mobil's ability to receive fair compensation. Neither the House nor the Senate versions of the proposed legislation provide compensation for any resulting property losses.

After careful review, Mobil's lawyers have concluded that, if enacted, S. 2378 should be held by the courts to violate the Fifth Amendment to the United States Constitution which provides that private property shall not "be taken for public use without just compensation." Undeniably, the Federal Government or the states may appropriate privately-owned property in furtherance of a valid public purpose. Similarly, a federal or state legislature can enact a general statute that changes the value of existing property rights. Keystone Bituminous Coal Assn. v. De Benedictus, 107 S.Ct. 1232. The Constitution, however, requires that property owners who suffer losses as a result of legislation must receive fair compensation. While the typical taking occurs when the Government acts to condemn property in the exercise of its power of eminent domain, the doctrine of inverse condemnation is predicated on the proposition that a taking may occur without such formal proceedings. The Supreme Court of the United States has explained that implicit in the Fifth Amendment's guarantee is a recognition that the government should not be allowed to "forc[e] some people alone to bear public burdens which, in all fairness and justice, should be borne by the public as a whole." Armstrong v. United States, 364 U.S. 40, 49 (1960).

The Supreme Court has recently held that if property, previously held lawfully by a private person, is rendered essentially worthless by state or federal legislation, the person has suffered a compensable taking under the Fifth Amendment. First Lutheran Evangelical Church v. Los Angeles County, 107 S.Ct. 2378 (1987). This constitutional requirement applies even if the legislation promotes a public purpose of a high order. Hodel v. Irving, 107 S.Ct. 2076 (1987). The Supreme Court has also found that the federal courts have jurisdiction over Fifth Amendment takings litigation despite the fact that the property is located abroad. United States v. Caltex (Philippines) Inc., 344 U.S. 149 (1952).

If the legislation passes in its present form, Mobil's 244,000 stockholders will become innocent bystanders, punished solely because they hold stock in a U.S. company that has complied fully with long-standing U.S. law and policy, and has consistently been in the forefront of aggressive and meaningful efforts to end apartheid. Despite recently increasing divestment pressures, Mobil has repeatedly been encouraged by numerous statements of the President and the Departments of State and Commerce urging U.S. companies to stay the course in South Africa. Indeed, in passing the Comprehensive Anti-Apartheid Act of 1986, the United States Congress specifically expressed its "sense . . . that United States employers operating in South Africa are obliged . . . to engage in recruitment and training of Black and Coloured South Africans for management responsibilities." 22 U.S.C. Sec. 5020 (b). Similarly, the Congress expressly "applaud[ed] the commitment of nationals of the United States adhering to the Code of Conduct to assure that South African Blacks and other non-Whites are given assistance in gaining their rightful place in the South African economy . . ." 22 U.S.C. Sec. 5031 (b).

If Congress now proceeds to reverse existing U.S. law and policy by passing S. 2378, it would suddenly become unlawful to own substantial property interests, the ownership of which has been entirely lawful in Mobil's case for at least 91 years and which, indeed, has been actively encouraged by the United States Government. The result would be to compel companies like Mobil to give away their shareholders' investment at whatever distress price is available -- a "taking" for governmental purposes as surely as the condemnation of land for construction of a schoolhouse.

We believe Congress should be extremely troubled at the prospect of legislation that is so clearly confiscatory and at odds with fundamental constitutional principles. Having raised this issue in our written testimony before the House Subcommittee on Mining and Natural Resources, we note specifically for the record that nowhere in the House Report on H.R. 1580 is there any consideration or estimate of the cost to the U.S. Treasury that will result from the taking of the property of the 150 U.S. companies operating in South Africa nor, for that matter, any acknowledgement of the Fifth Amendment issue. As we explained at the outset, Mobil's current investment in South Africa totals approximately $400 million. While we do not have direct information on the value of the properties held by the other U.S. companies, the House Report on H.R. 1580 (page 14) states that, "U.S. direct investment in South Africa was $1.4 billion in 1986; U.S. indirect investment, mainly holdings in South Africa gold mining companies, was estimated at $2.5 - 3 billion in 1986. U.S. bank loans were $2.95 billion as of September 1987." In fairness to the American taxpayers, we submit that the Committee should consider the cost of this legislation under the Fifth Amendment even if it chooses to reject all of our other arguments against S. 2378.

CONCLUSION

The severe sanctions and total divestment requirements contemplated in S. 2378 should not be enacted. While all decent people deplore the degradation and human misery caused by apartheid, we should not allow our indignation, or our frustrations regarding the pace of developments to drive us to actions that sooth our unrest at the expense of those whom we are really trying to help. Finally, there are two additional and particularly troubling reasons why Congress should not adopt the proposed legislation:

First, short of an embargo or military intervention, the comprehensive economic sanctions imposed by S. 2378 appear to represent the most drastic unilateral steps the U.S. could take; i.e., passage of these bills would be tantamount to playing America's "last card" against apartheid. In addition to increasing the risk of intensifying the already heightened determination of the ruling Whites, this last step virtually removes the United States as a factor in this dangerous and vitally important struggle toward restructuring. This alone, we submit, should cause Congress to pause before proceeding in order to make sure it fully understands the potential consequences of the proposed legislation.

Second, as noted above, we do not believe the proposed legislation will achieve its intended results (i.e., that South Africa's economy will promptly crumble, thereby forcing the South African Government to peacefully proceed to negotiate with non-Whites for full participation). We do believe, however, that the proposed legislation greatly increases the risk that one side or the other in this volatile confrontation may, through desperation or frustration, feel compelled to move to violence. Given the size of the non-White population in South Africa and the strength of the South African army, violence can lead only to unthinkable losses of lives and human misery. It would be a tragedy of the highest proportions if the United States unwittingly contributed to such a result.

We recognize that change in South Africa has been agonizingly and unacceptably slow. But, with the divisions as deep and as racially motivated as they are in South Africa, it is foolhardy and chauvinistic to believe that America can correct this injustice quickly through further unilateral sanctions rejected by even our closest trading partners. Apartheid is not embodied in one man who could be weeded out in a single forceful stroke. It is an anachronistic creed, embraced by a dominant and powerful segment, albeit a distinct minority, of the population which through its own making increasingly finds itself painted into a corner. All the evidence demonstrates that many Afrikaners will become more hardened and intransigent if the proposed legislation is passed, and that South African Blacks, Coloured and Asians could be forced either to endure a protracted period of attrition, or to be tempted even further in the direction of a violent overthrow.

For the foregoing reasons, Mobil Oil Corporation respectfully urges the Congress not to enact the proposed legislation. In its place, we urge Congress to redouble its search for ways to more effectively tailor its external pressure towards programs designed to enhance, rather than deter, the economic development of South Africa's non-White majority. A simple example would be for Congress to modify the Rangel Amendment to provide that U. S. companies receive a U.S. tax credit for monies spent in South Africa for Sullivan-type activities. Apartheid will not disappear simply because we walk away, smug for having registered our contempt. To the contrary, if we truly want to help end apartheid, then the only course is for the United States to remain engaged in South Africa and to do everything in our power from within to help achieve peaceful change.

Respectfully submitted,

Eugene A Renna

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TESTIMONY OF

DAMU SMITH, EXECUTIVE DIRECTOR OF

THE WASHINGTON OFFICE ON AFRICA

BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE

JUNE 23, 1988

THE SPONSORS OF THE WASHINGTON OFFICE ON AFRICA ARE: AFRICAN METHODIST EPISCOPAL CHURCH • AMALGAMATED CLOTHING AND TEXTILE WORKERS UNION • THE AMERICAN COMMITTEE ON AFRICA • THE AMERICAN LUTHERAN CHURCH, DIVISION FOR WORLD MISSION AND COOPERATION • CHRISTIAN CHURCH (DISCIPLES OF CHRIST) • CHURCH OF THE BRETHREN • EPISCOPAL CHURCH, COALITION FOR HUMAN NEEDS AND PUBLIC AFFAIRS OFFICE, EXECUTIVE COUNCIL AND THE WASHINGTON OFFICE • LUTHERAN CHURCH IN AMERICA, DIVISION FOR MISSION IN NORTH AMERICA • MISSIONARIES OF AFRICA • PROGRESSIVE NATIONAL BAPTIST CONVENTION, HOME MISSION BOARD • REFORMED CHURCHES IN AMERICA • SACRED HEART FATHERS • SOCIETY FOR AFRICAN MISSIONS (S.M.A. FATHERS) • UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, UAW • UNITED CHURCH OF CHRIST, BOARD FOR WORLD MINISTRIES, OFFICE FOR CHURCH IN SOCIETY AND COMMISSION FOR RACIAL JUSTICE • UNITED METHODIST CHURCH, AFRICA OFFICE AND WOMEN'S DIVISION OF BOARD OF GLOBAL MINISTRIES • UNITED STEELWORKERS OF AMERICA • PRESBYTERIAN CHURCH (U.S.A.)

Mr. Chairman and members of the Foreign Relations Committee, thank you for this opportunity to appear before you today. I am Damu Smith, Executive Director of the Washington Office on Africa, a church and trade union-sponsored anti-apartheid lobbying and research organization. For the past sixteen years, the Washington Office on Africa has represented the church and labor community on southern Africa-related issues. We actively work to change U.S. policy toward southern Africa. We work for the isolation of the apartheid regime of South Africa, increased U.S. aid to the Southern African Development Coordination Conference (SADCC), the immediate independence of Namibia, and peace and self-determination throughout the southern African region. We are directly supported politically and financially in our efforts by ten of the major Protestant denominations, three Roman Catholic orders, and three national trade unions, as well as by our individual members and colleague organizations throughout the country. I would like to state for the record that we have urged our government since the beginning to impose comprehensive sanctions against South Africa, and today we stand in full support of S. 2378/ H.R. 1580, the Dellums/Kennedy/Cranston total sanctions bill.

I have been asked to testify before you today about the attitudes of black South Africans toward sanctions. Through our church and union sponsors and our own direct contacts, the Washington Office on Africa maintains close and constant communications with the major churches, trade unions and anti-apartheid groups inside South Africa. It is primarily from our long experience with South African churches, unions and anti-apartheid groups, along with some reference to polling data, that I will be speaking today. The message that has been consistently conveyed to our office over the past sixteen years is that the majority of black South Africans supports economic sanctions by the international community as a means of helping to bring an end to apartheid.

The vast majority of South Africa's churches and temples are united behind the call for comprehensive, mandatory economic sanctions against South Africa. This was graphically demonstrated on February 29th of this year, when 25 of South Africa's top religious leaders were arrested for attempting to deliver a petition to Parliament. The arrested leaders included: Roman Catholic Archbishop Stephen Naidoo; the head of the World Alliance of Reformed Churches, Rev. Allan Boesak; the General Secretary of the South African Council of Churches, Rev. Frank Chikane; the president of the Methodist Church in South Africa, Khoze Mjojo; Moulana Farid Esack of the Call of Islam; and Anglican Archbishop Desmond Tutu. Among them, these religious leaders represent a membership of over 14 million South Africans. When they were arrested, they were carrying a petition that condemned government restrictions on non-violent anti-apartheid political activities. The petition included the clear statement that, despite the restrictions, "we will not be stopped from campaigning for the release of prisoners...from calling for the release of political leaders to negotiate the transfer of power to all the people of our country...or from calling on the international community to apply pressure to force you to the negotiating table".

Mr. Chairman, the call for sanctions against Pretoria is not a new phenomenon or a trendy political issue. For decades, black South Africans have called on the international community to cut the economic ties that help strengthen the system of apartheid. Historically, the churches in South Africa have sought non-violent ways of ending the violence of apartheid. The call for sanctions and disinvestment must be seen in the historic context of this non-violent campaign. In 1957, the churches announced a civil disobedience campaign against the so-called "Church Clause", which prohibited people of other races from worshipping in churches in white areas. Religious leaders have protested forced removals by sitting in front of the bulldozers. The churches have also supported conscientious objectors in their campaign to end South Africa's military conscription. Over the years of apartheid rule, thousands of courageous clergy members and lay people have been arrested, tortured, and even killed for resisting a repressive, racist system that runs counter to everything they believe in.

During the past two decades, the churches have extended their non-violent anti-apartheid campaign to include a call for international sanctions and disinvestment from the apartheid economy. They have recognized that international investment and trade help to strengthen white minority rule in South Africa. In 1977, the Christian Institute of Southern Africa called for disinvestment from South Africa with the words:

> "Governmental insistence on enforcing apartheid and its rejection of normal negotiation with freely chosen black leaders has produced a situation in which there are few ways of preventing the escalation of violence and bloodshed into a major confrontation.
>
> One of the few remaining methods of working peacefully is through economic pressure, which could help to motivate the changes needed to bring justice and peace in South Africa." (The World Council of Churches and Bank Loans to Apartheid, WCC, Geneva, 1977, p. 65)

More recently, the South African Council of Churches (SACC) expressed "...our belief that disinvestment and similar economic pressures are now called for as a peaceful and effective means of putting pressure on the South African Government to bring about those fundamental changes this country needs" (1985 SACC Resolution on Disinvestment). The South African Catholic Bishops Conference endorsed sanctions in 1986 as "the most effective of non-violent forms of pressure". (Parenthetically, Mr. Chairman, I should add that, contrary to rumor, the South African Catholic bishops continue to support sanctions. The Bishops' Conference rejected a report by a lay group charging that sanctions would hurt blacks. Opponents of sanctions tried to use this lay report as "proof" that the SACBC had reversed its call for sanctions. The bishops never adopted the report and stand by the pro-sanctions position of their 1986 pastoral letter.) Likewise, the Council of Churches of Namibia passed a resolution in 1986 appealing to "all governments having economic ties with the South African government...to impose comprehensive and mandatory sanctions upon South Africa. We are conscious of the consequence as a result of our call, but we see this as the only relatively non-violent course left open to us".

Archbishop Desmond Tutu, whose leadership and work is widely supported by the South African people, has repeatedly called for sanctions and disinvestment. On May 3rd of this year he stated,

> "We urge our friends abroad to enact comprehensive and mandatory sanctions, and call on international companies like Royal Dutch Shell and Mobil Oil to end their economic support for apartheid and leave South Africa...Such economic pressures may be the international community's last available instruments to help bring Pretoria to its senses and justice to our land — without which there can be no genuine lasting peace."

Just this month, when the Botha government extended the state of emergency for the third time, the SACC renewed its call for sanctions with these words:

> "The SACC after consultation with community organizations and unions, joins the majority of the people of South Africa in calling for immediate comprehensive and mandatory sanctions that are aimed at sapping the energy of the apartheid state. We believe that the imposition of such sanctions is the only way to effect change in South Africa with minimum violence."

Some opponents of sanctions will listen to the statements I have just quoted and dismiss them because they come from a few religious leaders and heads of organizations, but not from the average black South African in the pew. These opponents will say, if blacks really support sanctions, why don't we hear it from the average man and woman? Why is it always the Tutus, Boesaks, and Chikanes that call for sanctions? I have two responses to these questions. First, the South African government equates calling for sanctions and disinvestment with "economic sabotage", an act of treason punishable by up to 25 years imprisonment under the 1956 Official Secrets Act, the 1962 Sabotage Act and the 1982 Internal Security Act. Archbishop Tutu or Reverend Boesak can call for sanctions because their prominence in the international community shields them — to a certain extent — from the retaliation of the apartheid government. The average black South African, whose name is unknown to the media, risks disappearing into apartheid prisons forever if he voices support for sanctions in public. However, we have had the opportunity at conferences and numerous private meetings, both within the United States and in southern Africa, to hear individual South Africans and Namibians express their support for comprehensive sanctions.

Second, religious leaders are credible representatives of a sizeable section of the South African population. As mentioned earlier, the South African religious leaders arrested on February 29 represent a membership of over 14 million South Africans. The Council of Churches of Namibia includes the Lutheran, Catholic, Anglican, Methodist, Congregationalist and AME churches and represents close to 75% of the Namibian population. There is no law against criticizing supporters of sanctions, yet we do not hear many South African blacks denouncing the religious leaders for their pro-sanctions positions, or claiming that Tutu, Chikane or Boesak do not speak for them. As long as black South Africans are denied the vote in the land of their birth, and as long as their voices are silenced by apartheid's repressive laws, church and religious leaders must take the risk and speak for the voiceless.

The religious groups are not alone in calling for sanctions. The major secular anti-apartheid groups and the independent trade unions have also been vocal in their support for international economic pressure on the South African government. Chief Albert Luthuli, former President of the African National

Congress and winner of the 1960 Nobel Peace Prize, first called for a boycott of South African goods in 1959. In 1964, Luthuli repeated the call, saying, "the economic boycott of South Africa will entail undoubted hardship for Africans. We do not doubt that. But if it is a method which shortens the day of bloodshed, the suffering to us will be a price we are willing to pay."

In 1972, the Black People's Convention, one of the early Black Consciousness organizations, called for disinvestment. Following the 1976 Soweto massacres, Black Consciousness leaders, including Saths Cooper and Steven Biko, called for disinvestment. As Biko said, "...it should be understood in Europe and North America that foreign investment supports the present economic system of political injustice...If Washington is really interested in contributing to the development of a just society in South Africa, it would discourage investment in South Africa."

Mr. Chairman, I am sure the members of this committee are all aware of the prominent role of the trade union movement in South Africa today. The recent three-day strike brought industry to a standstill in many parts of South Africa. These democratic unions — the same unions that called the recent strike, the same unions that are recognized worldwide as being at the forefront of progressive change in South Africa -- call for sanctions and disinvestment.

The Congress of South African Trade Unions (COSATU), formed in December 1985 and now numbering over 800,000 paid-up members, gave "full support" to disinvestment from its inception. During its 1987 Congress, COSATU was very specific about its stance on sanctions and disinvestment:

> "...comprehensive mandatory economic sanctions [are] one of the few options left to those fighting apartheid. Our Congress has further placed emphasis on the calls for
>
> -- The stopping of loans and credit to the government, business, municipalities and homeland governments.
> -- Diplomatic isolation
> -- The refusal of visas to South African tourists, businessmen, and government officials wanting to travel abroad
> — An end to South Africans emigrating abroad
> — The withdrawal of landing and airspace rights
> — A stop to south Africans investing abroad
> — Stopping the recruitment of skilled workers overseas
>
> We have also supported the call for disinvestment of foreign companies operating in South Africa.... [F]or disinvestment to be most effective, it should take place on the terms of the democratic forces in South Africa....Disinvesting companies should give COSATU prior notice of their intention to pull out, and the terms of the pullout should be subject to bona fide negotiations between the relevant union and the company."

When the South African government restricted COSATU activities in February of this year, COSATU decried the international community's refusal to impose meaningful sanctions against South Africa, stating,

> "It is clear that the government has been encouraged to opt for the path of increased repression through the support it has received from employers and right wing governments of Thatcher, Reagan and Kohl..."

South Africa's second largest trade union, the National Council of Trade Unions (NACTU), with about 400,000 members is also a strong proponent of sanctions. The National Mineworkers Union of Namibia, which represents 8,500 of Namibia's 14,000 miners, endorsed economic sanctions in 1986.

South Africans working to end apartheid see sanctions as one of a number of different tactics that can be used simultaneously to bring down the apartheid regime. The trade unions and community organizations use general strikes, stay-aways, rent boycotts, and consumer boycotts to generate internal pressure against apartheid, while relying on the international community's sanctions and disinvestment to generate external pressure. Black South Africans do not have strike funds or social security benefits. When they choose to withhold their labor in strikes and stay-aways, there are severe and definite economic costs and additional hardships. However, black workers have stated and demonstrated time and time again that they are willing to bear the short-term economic burden of sanctions, disinvestment, strikes and worker actions if it means an end to the long-term burden of apartheid.

Mr. Chairman, the anti-apartheid movement has been accused of excess emotionalism in the past. I would like to point out that the clergy members, union representatives and anti-apartheid leaders that I have quoted to you today did not come to their support of sanctions and disinvestment out of some misguided emotionalism or frustration with the apartheid system. These people, and the millions of people they represent, live under apartheid 365 days of the year, 24 hours a day. As black South Africans living under apartheid, they are far better placed to analyze their situation than anyone in this room today. They know that some American corporations fund social welfare programs in South Africa. They also know that from 1977 to 1985, U.S. corporations paid the South African government taxes totalling 69 times the amount they spent on Sullivan programs. Black South Africans and their leaders clearly see the very direct and strategic relationship between Western trade and investment and the South African economy. They know that the regime that oppresses them has been supported and sustained largely because of this economic link. They have watched multinational oil companies provide fuel for police vehicles and tanks in the townships. They have seen U.S. computer technology in the hands of the apartheid state machine. Recognizing the links between economic strength and political and military repression, COSATU commissioned a very detailed, lengthy study to determine how sanctions can be targeted to weaken the capacity of the South African regime to carry out its repression. Black South Africans have no trouble identifying their oppressor, or choosing the tools of their liberation.

Before I conclude my testimony, Mr. Chairman, I would like to say a brief word about polls. As you are well aware, statistics are easily manipulated. In the South African case, because of the legal restrictions on speaking in favor of sanctions, compiling truly reliable statistics on black attitudes on the sanctions issue is an extremely difficult task. We recognize that there are several polls that indicate that blacks oppose sanctions, just as there are several polls that indicate that blacks support sanctions. Given the political situation inside South Africa, determining the reliability of these polls is very difficult. However, Mr. Chairman, I would like to point out that most of the polls with anti-sanctions conclusions were commissioned or carried out by South African business interests, pro-government think tanks, or the Reagan Administration.

It is unrealistic to expect honest answers when you are asking blacks to answer a question that could land them in prison for treason. Perhaps, more revealing survey information is given when blacks are asked what leadership they prefer. In repeated surveys on preferred leadership, the combination of Nelson Mandela, the ANC, the United Democratic Front and Archbishop Tutu, all of whom favor sanctions, collects over 75% of the vote. Anti-sanctions figures, such as Chief Mangosuthu Gatsha Buthelezi usually fare in the neighborhood of 8%, as does the Botha government.

There is diversity of opinion among blacks in South Africa, just as there is diversity of opinion in the United States or in any other country. However, the churches, trade unions, and liberation movements of South Africa are united in calling for sanctions and disinvestment as a means to support their struggle against apartheid. I believe that we as Americans, if we are truly concerned with justice and peace in southern Africa, must listen to the voices of black South African leaders. We must not be fooled into following the prescriptions offered by so-called "leaders" who have a stake in the apartheid system. Chief Buthelezi opposes sanctions, but he also benefits financially and politically from apartheid's homelands system. His participation in the KwaZulu homeland scheme has been widely denounced by blacks, including Zulus. The American press has recently run several anti-sanctions articles by Helen Suzman. Mrs. Suzman's role in challenging many of the policies of the apartheid system in the South African Parliament over the years must certainly be recognized and respected. But she does not speak for black South Africans or articulate their aspirations. She represents a very rich white constituency in a white Parliament for a white party that still does not recognize the simple principle of one-person, one-vote. Black leaders with whom we have spoken have told us in no uncertain terms that Helen Suzman and the Progressive Federal Party do not speak for them.

Through the trade unions, religious leaders, anti-apartheid organizations and liberation movements, black South Africans are making their voices heard. They are calling on us to impose sanctions against the racist, oppressive apartheid system. To quote Reverend Boesak,

> "All of the major organizations in South Africa — the South African Council of Churches, the United Democratic Front, COSATU as well as Archbishop Tutu and myself — have reaffirmed our stand for stronger sanctions. In particular, we are pinning our hopes on the Dellums/Cranston bill for comprehensive sanctions, hoping that it will be passed and bring about stronger pressure."

Mr. Chairman, as this committee and the Congress continue your deliberations on this important issue, I hope that the voices of the majority of black South Africans will be heard. As Archbishop Tutu said, "Our land is burning and bleeding, and so I call upon the international community to apply immediate and comprehensive sanctions on South Africa."

The Daily Record, Dunn, N.C., Tuesday, September 8, 1987

Report From Africa — Troubled City Not Like TV Shows It

The Truth About Soweto

By HOOVER ADAMS

SOWETO, South Africa – United States Senator Jesse Helms came to this widely-publicized South African city to see for himself what the television evening news has been reporting.

He found a different story, although everybody concedes that this largest all-black city in the world does have its problems.

It is a city of a million or more people located just a few miles southwest of Johannesburg and most of the people here work in Johannesburg.

Soweto is the place where the communist-inspired African National Congress protestors hang gasoline-filled rubber tires around the necks of its victims and burns them to ashes. There is no disputing that fact.

Television tells you all about that. The night-after-night television accounts of violence and

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SEN. HELMS WITH SOWETO MAYOR BOTILE

Report

Continued From Page One

protests have led Americans to believe that Soweto is just about the bloodiest, most frightening, most terrible place in all the world.

[illegible] of people are even nerv[illegible]out coming here. As a matte[illegible] fact, the U.S. State Department put out a stupid travel warning advising people not to come to South Africa for a visit.

Don't You Believe It

Television has made Soweto famous for the "necklacings," for terrorist attacks (which they don't tell you were brought on by the communists) and the town is pictured as one of the hottest trouble spots in all the world.

Senator Ted Kennedy blamed it all on apartheid and supported sanctions he said would end it. Kennedy was so wrong that the blacks demonstrated against him. The liberal television didn't bother to highlight the "Kennedy Go Home" banners and placards.

Senator Helms came to talk with the people themselves, the man on the street, in the shop and on the farm.

He found there's another side [illegible]fe in Soweto.

[illegible]'ll Be Amazed At This

Consider these facts:

More than 80 percent of the blacks in Soweto speak English and most of them speak at least two other languages.

More than half the blacks in Soweto, perhaps as many as 60 percent, own their own homes. They're proud of their homes and they keep their yards neat and their lawns manicured. As long ago as 1948, the city had a slum-clearance program.

There were, at last count, 380 schools in Soweto, probably more by now.

There are two technical colleges here, three technical centers and 13 comprehensive (advanced) schools offering technical subjects such as electronics, motor mechanics, bricklaying and technical drawing in addition to the full range of academic and cultural studies.

(And still some uninformed people talk about dark Africa. The only thing dark about Africa is its nights.)

With the needs of an industrialized society in mind, commercial subjects have not been neglected. There are 124 schools in Soweto teaching accountancy, business economics, economics and typing.

Now here's a fact that will really surprise you.

2,740-Bed Hospital

In this 'darkest Africa' portrayed by television, Soweto boasts the largest hospital in the entire Southern Hemisphere.

Baragwanath Hospital has 2,740 beds and a staff of 8,451 doctors, nurses and other personnel. (It's nearly three times the size of Duke Hospital.)

This hospital in "hotspot Soweto" treats 121,954 inpatients and 726,179 outpatients a year, for a total of 1,443,322. (Figures for 1983)

During 1983, the hospital delivered 28,616 babies, performed 36,849 surgical operations and 56,782 blood transfusions.

Over 300 Churches

There are more than 300 churches in Soweto, where religious preferences and convictions vary greatly. The majority of the Sowetons belong to established denominational churches, the most significant being Methodist, Dutch Reformed, Anglican and Roman Catholic, in that order.

Most homes have their own private gardens and the horticultural department of the city provides free trees, plants and advice to gardeners. (Show me an American city that does that.)

Excellent libraries are available to all citizens.

Recreational facilities are bountiful. The Orlando stadium has just been enlarged to seat 55,000 spectators. There's also a 20,000-seat ampitheater here, 104 netball fields, 39 parks and playgrounds, 20 clubhouses, athletic tracks, basketball facilities, a boxing gymnasium, cricket fields, bowling greens, campgrounds, community halls, karate and fitness centers, rugby fields, soccer fields, swimming pools. You name it: they've got it.

The statistics could go on and you would be impressed.

Keep remembering, this is the city that television would have you believe is the worst spot in the world.

Sure, there are problems. The Town of Dunn also has its problems.

Big Welcome At City Hall

Senator Helms and his party were welcomed to City Hall by both Mayor N. Botlie and Deputy Mayor T.T. Ndaba, both of whom proved to be very pleasant and gracious hosts. After a tour of the town and city hall facilities, they served coffee, tea and sandwiches.

The mayor, a pleasant fellow, spoke sincerely and with great civic pride. He's proud of the accomplishments already marked up in Soweto and looks forward to still greater things for his people. He cheerfully posed for pictures.

"We do have problems," said Mayor Botlie, "but we are working on them. We're trying to solve our own problems."

He made it clear that American-imposed sanctions haven't helped and he also made it pretty clear that South Africa would get along better without outside interference.

Senator Helms was quick to agree with him on both points and Senator Helms also reminded the mayor that "city government is the government closest to the people." The senator told the mayor he had earlier served on the city council in Raleigh. That impressed the mayor.

To say Soweto hasn't had problems would not be true. The mayor himself estimated that the Communist African National Congress had necklaced about 500 of his people.

A Proud Mayor

The mayor reeled off for Senator Helms statistics about the earning power of his people and told how they are making progress.

He stressed that the big problem in Soweto is not political, but economic. (Even Oliver Tambu, head of the communist ANC, told a meeting in London recently that sanctions had not worked.)

Senator Helms and the mayor agreed that all racial discrimination should be abolished and the mayor quickly pointed out that he and his people realized it couldn't be done overnight, but would take time.

Mayor Botlie said blacks do not agree with all government decisions, but said he is gratified that progress is being made.

Incidentally, Soweto was having a strike of garbage workers the day we were here. (American television doesn't tell you that Soweto workers have a right to strike, just like those in other cities."

Violence has occurred here. The only indication we saw it could happen was the fact that armed guards were stationed at the entrances to city hall.

Even back in the states, you'll find armed policemen at most city halls in big cities.

Our tour of the city was fascinating. Most of the older homes are being replaced by nice-looking new housing projects.

Million-Dollar YMCA

Who would have thought you'd find a million-dollar YMCA in Soweto or all these things we mentioned above?

Mansion For Mandella, Tutu

As I reported before, we stopped in front of the homes of Winnie Mandella and Bishop Desmund Tuto to make pictures. (Again, television doesn't tell you that they have mansions here.)

A new movie is coming out now called "Mandella." It unquestionably is a propaganda film. There'll be a flood of media coverage.

The driver of our van said he often stopped by and talked with Mrs. Mandella when he saw her in her yard.

No doubt, both she and Bishop Tuto are getting mighty big speaking fees these days as they fly back and forth to America and other cities for personal appearances.

Following the tour of the city, the Helms party was switched from the van back into three bullet-proof Mercedes with armed Secret Service agents as drivers.

But that was simply routine protection for a United States Senator.

The driver of the van told us he had been driving in Soweto for 23 years without an incident.

But you'd never know that by watching television.

SUMMARY OF BLACK SOUTH AFRICAN OPINION ON SANCTIONS

Publication date	Sponsor	Sample size	Area sampled	Anti-sanctions	Pro	Other
June 1984	Schlemmer[1]	551	urban	74%	26%	—
July 1984	HSRC[2]	1,478	PWV[3]	82%	10%	8% don't know
November 1984	Schlemmer	1,000	urban	84%	14%	2% don't know
February 1985	HSRC	736	?	48%	18%	34% don't know
February 1985	Star[4]	459	Johannesburg	51%	?	?
May 1985	HSRC	1,200	PWV	76%	16%	4% don't know
August 1985	Times[5]	400	urban	?	77%	?
September 1985	CASE[6]	800	urban	26%	24%	49% conditional
May 1986	HSRC	1,338	PWV	68%	?	?
May 1986	Times	615	urban/rural	32%	29%	39% no view
April 1987	Bureau for Information	4,500	urban/rural	79%	13%	8% don't know
October 1987	German Africa Foundation	1,004	miners	70%	21%	9% undecided
October 1987	CASE	800	urban/rural	26%	21%	46% conditional 6% non-committal

Notes: (1) Government critic Professor Lawrence Schlemmer, University of Natal (2) Human Sciences Research Council (3) Pretoria/Witwatersrand/Transvaal (4) Johannesburg Star (5) London Sunday Times (6) CASE private market research firm

Attitudes in South Africa

by Donald W. Caldwell

Judging by television images and the speeches of anti-apartheid activists, you'd think black South Africans are enthusiastically fighting a revolution these days. Bring on the sanctions, bring on the socialism: we've got a system to topple.

It's all so romantic. But it's all so wrong.

Opinion surveys in South Africa suggest that ordinary blacks take a much more pragmatic approach to things. They are desperate for the end of apartheid, but they are also wary of destructive means of bringing that about. They are not a mass of revolutionaries.

The voice of the ordinary black South African is rarely heard above the din of the anti-apartheid movement. Question wording can be tricky but a careful evaluation of a number of surveys shows that black opinion is frequently misrepresented. We've all heard that South African blacks support sanctions, for example, a good place to start to shatter the myths.

As it turns out most blacks oppose trade boycotts and the pullout of foreign companies from South Africa. Despite what some of their widely quoted leaders proclaim, the average black appears to be unwilling to support policies that could threaten the economy and throw people out of work.

In June 1984 sociologist Lawrence Schlemmer, director of the Center for Policy Studies at the University of the Witwatersrand in Johannesburg, surveyed 451 black manufacturing workers, all men, in the Pretoria-Johannesburg area and in Port Elizabeth, places where multinational companies have many of their factories. These are also the most unionized blacks.

One question asked: "There are groups of people in America and England who try to encourage banks and organizations not to invest money in South Africa —not to put their money in factories which are in South Africa. Do you think this is a good or a bad thing?"

Twenty-six percent said this is a good thing—the disinvestment position—and 74 percent said it was a bad thing. Asked why, they said the policy would lead to fewer jobs, harm blacks, and make the country poorer. Two other questions in the survey gave similar results.

One gave the workers two views to choose from: "Overseas people and banks and companies must stop buying South African goods and stop sending money to build factories in South Africa so as to frighten the South African government into getting rid of apartheid"; and "People and banks and companies overseas should continue to buy South African goods and send money to build factories because it makes jobs for all people in South Africa."

The first argument, the pro-sanctions position, was supported by 25 percent of the workers, and the second argument, the pro-investment position, was supported by 75 percent.

The third question focused on U.S. companies in South Africa. The workers were asked to choose one of three alternatives:

- "American companies should build as many factories in South Africa as they can, making as many jobs for blacks as they can";
- "American companies should only run factories in South Africa if they can pay blacks high wages, give good pensions, and help with housing, even if they make fewer jobs"; and
- "American companies should not run factories in South Africa because they make the government of South Africa stronger."

Fully 59 percent chose the first option of all-out investment, with 32 percent going for the second alternative, and just 9 percent taking the anti-investment position.

Grassroots opposition to disinvestment is demonstrated in other surveys as well. Schlemmer repeated the good-thing, bad-thing question in November 1984 to 1,000 blacks in all metropolitan areas except Cape Town. Fourteen percent took the disinvestment position, and 84 percent took the anti-disinvestment position.

The Human Sciences Research Council (HSRC) asked 1,478 black men and women in the Pretoria-Johannesburg area in July 1984: "Should the outside world apply an economic boycott against South Africa or not?" Ten percent answered yes, and 82 percent answered no. The question was repeated in February 1985 to 736 men in the same area, with better-educated people overrepresented. The results: 30 percent said yes, and 65 percent said no. And the question was offered a third time, in May 1985, to 1,200 black men and women in the same metropolitan area: 16 percent said yes, and 76 percent said no.

In April and May 1987 the government's Bureau for Information commissioned a survey of 4,500 urban and rural blacks who were asked: "There are groups of people in South Africa and overseas who try to encourage banks and companies not to invest in South Africa or to close down companies in South Africa. Do you think this is a good thing, neither good nor bad, a bad thing, or do you not know?" A substantial majority thought it bad and 13 percent good. On a similar question about preventing South African goods and products from being sold overseas, the figures were 75 percent bad and 15 percent good.

The Bureau for Information and HSRC polls suggest support for continued investment and trade. The questions are criticized by sanctions proponents because they do not suggest to respondents what the point of economic pressure would be—for example, pressuring the government to end apartheid. Nonetheless, they do demonstrate a gut-level reaction in support of investment.

Questions about Sanctions Questions

Now consider some surveys that are supposed to demonstrate that blacks support sanctions. In August 1985 the *London Sunday Times* asked 400 black men and women in Pretoria-Johannesburg and Durban, "Do you think other countries are right or wrong to impose economic sanctions unless South Africa agrees to get rid of the apartheid system?" Seventy-seven percent said they are right, the pro-sanctions position.

This question balances a vague "economic sanctions" with a more easily graspable result—"get rid of the apartheid system." We don't know if those who say they support "sanctions" mean symbolic measures that don't throw blacks out of work or all-out trade boycotts and corporate pullouts. Says Schlemmer: "When black survey respondents are asked to balance vagueness against pressure to end apartheid, they choose the latter. This can hardly be construed as support for a withdrawal of investment capital or prohibitions on South African exports."

Schlemmer's diagnosis was confirmed when the *Times* repeated the question in July 1986 to 615 urban and rural blacks. This time around the survey also asked if the respondents knew or cared about "sanctions," and fully 39 percent said they did not. (Of those who knew or cared, just under half said they supported sanctions, and slightly more than half said they opposed them.) Schlemmer may be right in saying that we can conclude little from the August 1985 question except, perhaps, that blacks want to get rid of apartheid.

Interpreting One Survey

The Community Agency for Social Enquiry (CASE) in Johannesburg has conducted two widely misinterpreted surveys of black opinion, one in September 1985 and the other in August and September 1987. Both were released amid much fanfare, and both were said to demonstrate that blacks overwhelmingly support sanctions. Neither does.

The 1985 survey queried 800 urban blacks who were given a three-way choice on the disinvestment question: encouraging unbridled investment; kicking out all foreign investment; and a middle position to "limit or restrict investment." The middle position said, "Foreign firms should not be allowed to invest here unless they actively pressure the government to end apartheid and recognize the trade unions chosen by the workers."

The results: 26 percent supported investment, 24 percent supported complete withdrawal, and 49 percent took the middle position of conditional investment.

Mark Orkin, a CASE director, wrote about the survey: "Whatever other justifications might now be advanced by the advocates of investment, they can no longer maintain their posture of deferring to democracy, of seeking to respect the available indications of black opinion."

Orkin's interpretation was that 73 percent of urban blacks favor some sort of disinvestment. He lumped those who took the middle position—which he calls "conditional disinvestment"—with those in the radical position.

But this survey could also be interpreted to say that 75 percent support investment under some conditions. The middle position could be one on "conditional investment," since it could be read to mean controlling the flow of new investment, not kicking out the old. And the conditions are hardly tough: foreign firms generally do campaign against apartheid and recognize trade unions. The survey, then, can as easily be used by those calling for continued investment as by those calling for blanket disinvestment.

Of course, a middle position in any poll is going to gather a fair amount of support. The fight arises over who can claim that middle ground.

Another question in the poll supports the pro-investment interpretation. The question begins by noting, "Some people say disinvestment may cause some blacks to lose their jobs, but the sacrifice is worthwhile in order to pressure the government to end apartheid. . . .Is the sacrifice worthwhile?" The answers: 26 percent said yes, even if many blacks would lose their jobs; 25 percent said yes, if few blacks would lose their jobs; and 48 percent said the sacrifice of jobs is not worth it. In other words, almost half did not believe it is worthwhile to lose jobs in the campaign to fight apartheid.

The 1987 CASE survey, expanded to include rural as well as urban blacks, yielded similar results. Twenty-six percent of the 800 respondents opposed sanctions, fearing they would stunt economic growth; 46 percent said sanctions should be applied until the South African government "provides the conditions for democracy" by lifting the state of emergency, freeing political prisoners, lifting the ban on political movements, and doing away with apartheid; and 21 percent supported unconditional sanctions until the government surrenders power.

The CASE news release reported: "Economic sanctions are favored by a total of two-thirds of all blacks in South Africa, according to a new nationwide survey."

In this poll the middle position can be logically grouped with the position on unconditional sanctions. Indeed, the two positions are so similar that they perhaps unfairly enticed respondents with two pro-sanctions choices versus one anti-sanctions position. But that aside, there are two problems with the question: the universal polling problem of a middle position gathering support because it is a middle position; and the above-mentioned problem of respondents opting for concrete action—specific steps Pretoria must take—over the less concrete concept of "sanctions," which CASE explains as limits on loans and trade.

Disinvestment Debate

We must try to determine what the respondents agree to when they say they support sanctions to effect change. The answer, as in 1985, is in the job-loss question. This time around, 60 percent were not prepared to continue supporting sanctions if they result in job losses for blacks; 26 percent would agree to seeing some but not many job losses; and just 14 percent supported sanctions no matter the amount of unemployment.

This is not a portrait of a group of people who are calling for more sanctions and more suffering. By expanding the survey to include rural as well as urban blacks, CASE has found that blacks are more wary of the potential effects of sanctions on employment than the 1985 poll suggested.

There is a final point to make in the debate over disinvestment that a survey cannot address: black South Africans vote with their feet on disinvestment and trade boycotts every day. They work on the assembly lines of foreign automakers; they staff the offices of multinationals; they buy products that foreign-owned industries make; and they work for companies—agricultural, mining, manufacturing—that ship South African goods overseas.

Were they willing to suffer more than they do under apartheid, they wouldn't do those things. When General Motors fired illegal strikers shortly after announcing its pullout, hundreds of blacks flocked to take the jobs. That's something the sanctions debate should not ignore.

Attitudes Towards Business

The anti-sanctions attitudes of black South Africans are better understood when seen along with their pro-business attitudes and their spirit of free enterprise. Many well-known churchmen, trade unionists, and activists speak of a socialist revolution. But surveys suggest that the masses of blacks seem more interested in deracializing South Africa's economy and opening up opportunities for everybody than in tearing down the economy and rebuilding from the ashes.

Schlemmer asked the production workers about how the economy should be run in a black-ruled country. Eighteen percent said factories and shops should be owned by the black government; 23 percent said factories and shops should be owned by black businessmen; and 60 percent said factories and shops should be owned by anyone who can be successful in business, not only black people. Not exactly a ringing endorsement of socialism.

The Bureau for Information survey asked blacks how they would feel living under a government that owns all the businesses and factories in the country. Seventy-two percent said they would be very unhappy and another 11 percent unhappy. Asked how they would like living under a government that encourages shops, businesses, and factories to be owned by private businessmen, 86 percent said they would be very happy or happy.

Leon Louw, executive director of the Free Market Foundation, found in a 1983 poll of 800 blacks in and near Ciskei—an area of Xhosa-speaking blacks—that 22 percent said they favored socialism, 7 percent communism, and 1.5 percent Marxism. Yet 97 percent in subsequent questions supported the right to go into business, 71 percent supported private urban land ownership, 85 percent supported private rural land ownership, and 91 percent said profits are good (saying in an open-ended question that profits raise wages, promote business, and lead to progress).

Obviously, there is confusion about what people mean when they say they support "socialism." Indeed, Louw says, some of those who chose socialism in the 1983 poll said they did so because they wanted the freedom to go into business or wanted an end to apartheid. And among the reasons given for choosing "capitalism" was that it is the status quo.

Considering their views on property rights and private enterprise, it seems many blacks who say they support socialism are really saying that they don't support apartheid—which they have come to associate with capitalism.

ANC Support?

There is a similar problem in interpreting what it means for blacks to say they support radical groups such as the African National Congress, which is aligned with the South African Communist Party and wages a low-level guerrilla war against South Africa. It seems that radical leaders and movements get much of their support because of their fierce opposition to apartheid, not for their ideas on how to end it or what to replace it with. As Louw says: "Black radicalism really means they are radically opposed to apartheid. There is a lot of support for symbols, those who come across as the most opposed to apartheid. They get support for what they are against, not what they are for."

Just as ordinary blacks disagree with many prominent spokesmen on sanctions and socialism, they also seem to disagree with radical leaders on other ways to fight apartheid.

The 1985 CASE survey included a question in which respondents were asked to approve or disapprove of various strategies, besides disinvestment, that might pressure the government to change. They could approve of more than one. The results in decreasing order of support: negotiations with genuine leaders, 90 percent; pressure on businessmen to demand changes from the government, 70 percent; strikes, boycotts, and protests inside South Africa, 66 percent; armed attacks on the government's security forces, 36 percent; and violent attacks on "system blacks," such as community council members and homeland authorities, 28 percent.

The results suggest that support for the kind of violence endorsed by the ANC and its overseas supporters is not matched in South Africa itself by the victims of apartheid. Only about a third of the urban blacks supported violence, which is one of the main items on the ANC agenda. (The people "are in that mood, they don't mind being killed, and they kill back as much as their capabilities permit," ANC president Oliver Tambo has said. "A person is killed, another is burned to death—these are incidents in a broad offensive against the apartheid state.") Furthermore, the violence that is described in the CASE survey is against police officers, soldiers, and sell-outs—not against civilians at bus stops. One would expect even less support for that kind of indiscriminate killing carried out by the ANC.

The fairly high level of support for strikes, boycotts, and protests in the CASE survey—which one might expect to be logical responses to Pretoria's repression—has generally not shown up in other surveys.

In June and July 1987 the German Africa Foundation of Bonn commissioned a survey of 1,004 miners at South African collieries—including foreign workers. The coal miners, asked how the government they like most could be brought about, responded 72 percent to 21 percent against violent struggle; 68 percent to 26 percent against a general strike without pay; 66 percent to 29 percent against sanctions; and 53 percent to 39 percent against a boycott of all white-run businesses. They favored working for better understanding between black and white by 88 percent to 7 percent; negotiations with the government, 84 percent to 11 percent; and peaceful meetings, rallies, and demonstrations, 72 percent to 22 percent.

Asked whether people should not buy from certain shops or not buy certain goods to make a political protest, blacks in the Bureau for Information poll responded 64 percent to 25 percent that it was a bad, not a good, thing. The figures were 62 percent to 25 percent against a rent boycott, and 89 percent to 6 percent against a school stayaway.

Black South Africans do not welcome armed revolution. They generally oppose sanctions. And they are even skeptical of strikes and boycotts. The notion that black South Africans are unanimously geared up to fight apartheid with any means available—no matter how much suffering it entails—is simply wrong. They are desperate for change, but they are also desperate for nondestructive ways to bring it about, such as negotiation.

Looking Ahead

Blacks' somewhat moderate views should not be misinterpreted to mean things aren't so bad. Blacks, are, justifiably, very bitter. They surely do not think rent defaulters should be shot dead, newspaper editors jailed, and people's homes bulldozed because of the color of their skin. Though nearly three out of four blacks in the Bureau for Information poll said reform is good but too slow, more than half said there has been no meaningful reform at all; clearly they want much more change than the National Party government has so far been willing to grant.

Consider their complaints and desires: the production workers surveyed by Schlemmer complained that employers allow their supervisors to treat blacks badly (59 percent); do not allow blacks to make progress or show ability in work (73 percent); dismiss black workers without giving them a chance to state their case (77 percent); and work with and support the government (91 percent).

In an open-ended question about what concerns them, they complained about prices and the sales tax (55 percent); political conditions (50 percent); wages (48 percent); unemployment or job shortages (42 percent); and the housing shortage (30 percent).

Asked what improvements they desire, the coal miners in the German African Foundation survey said a wage increase (79 percent); accommodations for their families (18 percent); better accommodations for themselves (11 percent); and better food (11 percent).

There is clearly a great deal of concern about bread-and-butter issues such as work and housing, as well as about basic human dignity and political rights. Yet despite what apartheid has done to them, despite the rage, black South Africans generally do not want to drive whites into the sea. It is another confusing truth of the situation.

In an October 1987 survey the HSRC asked 1,500 urban blacks how they would imagine a future—very good, good, bad, or very bad—under four parliamentary models: (1) a government dominated by whites; (2) a tricameral government of whites, coloreds, and Indians as South Africa has now; (3) a multiracial parliamentary system involving blacks as well, but in which none of the groups is able to dominate another; and (4) a government dominated by the black majority.

The blacks imagined the future under a white government bad by a 61 percent to 18 percent margin and under the tricameral government bad by 72 percent to 9 percent. They split 36 percent to 36 percent on the future under a black-dominated government. And they found a multiracial government—the third option—good by an overwhelming margin of 74 percent to 9 percent.

In a survey of 296 urban black men in October 1986, Research Surveys asked respondents what type of government they would prefer: 76 percent supported a "multiracial government in which whites, blacks, Indians, and coloreds all have a say"; 14 percent chose "an all-black government."

Obviously, there are limits to what one can conclude from such questions; a Marxist dictatorship could be multiracial, after all, and one-man, one-vote doesn't necessarily mean "black rule" since whites, Indians, and coloreds make up a quarter of the population.

Nevertheless, the power-sharing questions emphasize that there is more to the South African situation than a simple black-white fight, as it is sometimes perceived overseas. Blacks are able to distinguish between the good that whites are seen to have—skills, technology, money—and the bad things the white-run system has institutionalized—racism, indignity, inequality, and restricted opportunities.

Another factor: members of smaller black tribes might approve of a multiracial government because they fear they would otherwise be dominated by a big tribe, such as the Zulus or the Xhosas. Schlemmer figures the 1 million to 2 million foreign blacks working in South Africa at any one time also act as a moderating influence on black opinion—on everything from sanctions to socialism to revolution to cooperating with whites. "When you've got 2 million people in a country talking about why they're here and not back in Mozambique, it makes black South Africans think, 'Let's not throw it away here.' They don't want to slide backwards."

The trick, then, is to eliminate apartheid but leave more than rubble in its wake. That means satisfying black aspirations and assuaging white fears. The best solution would be one that offered free enterprise, free elections, and guaranteed individual rights in a political system that empowers local communities and reduces conflict over who has the reins of the central government—in other words, democratic capitalism. Judging from these opinion polls, blacks may be ripe for just that. ☑

Donald W. Caldwell, an American journalist, covers economics for the Financial Mail *in Johannesburg, South Africa.*

Nichols

(Continued from page 9)

public interest. The secret ballot, however, is perfectly consistent with the doctrine of individual rights because it allows people to vote on the basis of their own private interests.

If it is true that the secret ballot in particular, or secrecy in general, may be a barrier against the corrupt pressures of the special interests, then perhaps the Progressives should have seen that what was true of the individual citizen might be equally true of the government official in the performance of his duties. Just as the citizen may be subject to undue pressures that would prevent a thoughtful consideration of his alternatives, so might the government official. Just as secrecy provides practical benefits at the ballot box, so may it do so in the halls of government. Officials might perform better if removed from the constant scrutiny of the public—because in most cases the scrutiny is not conducted by the public, but by the special interests who have the time and the resources necessary to engage in such scrutiny. And even on those issues of broad-based concern where the public is aware, it may nonetheless be desirable for those who must devise a plan to be able to insulate themselves from the sometimes erratic and often conflicting forces of public opinion, and engage in a quieter, more reasoned discussion of the issues.

In the *Federalist Papers* James Madison says that: "Had every Athenian citizen been a Socrates; every Athenian assembly would still have been a mob." This remark exemplifies the spirit of the Constitution. The Founders saw limits to a completely open democratic system, not because they thought the people were stupid or unworthy of political power but because they thought the institutional dynamics of an open system were inherently dangerous.

The Founders wanted to change the institutional dynamics of the system to encourage some individuals to step back and take a more detached view of the problems of government. Even if these people are not as smart as Socrates, it is more likely that they will use the wisdom that they have in a properly designed institutional setting.

Because we are an essentially democratic system, we always tend to err on the side of openness—and this is as it should be—but we should also be able to recognize the benefits of a more closed system. We should remember that secrecy and other elements of a closed system have an equally legitimate and important role to play in our political tradition. Secrecy can be rationally defended, and it can never be rationally eliminated if we are to have a government capable of governing well. ☑

David Nichols is a research associate at Catholic University and adjunct assistant professor at Claremont McKenna College.

II

100th CONGRESS
1st Session

S. 1658

To repeal South African sanctions.

IN THE SENATE OF THE UNITED STATES

August 7 (legislative day, August 5), 1987

Mr. Helms introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

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A BILL

To repeal South African sanctions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, "Public Law 99–440 is hereby repealed.".

○

PREPARED STATEMENT OF
RANDALL ROBINSON
EXECUTIVE DIRECTOR
TRANSAFRICA

before the

FOREIGN RELATIONS COMMITTEE
UNITED STATES SENATE
WASHINGTON, D.C.

JUNE 23, 1988

TRANSAFRICA AND THE FREE SOUTH AFRICA MOVEMENT SUPPORT S-2378 WITHOUT ANY RESERVATIONS. AS IT IS PRESENTLY WRITTEN, THIS LEGISLATION SENDS THE CLEAREST MESSAGE EVER TO THE APARTHEID REGIME OF OUR STAUNCH SUPPORT FOR THE PEOPLE OF SOUTH AFRICA. IT IS ALSO THE MOST POSITIVE AND PRACTICAL CONTRIBUTION THAT WE COULD MAKE TO BRING ABOUT THE DISMANTLEMENT OF THE APARTHEID SYSTEM AS PEACEFULLY AND RAPIDLY AS POSSIBLE.

THE PROHIBITIONS ON TRADE. INVESTMENTS, AND INVOLVEMENT IN SOUTH AFRICA'S OIL INDUSTRY ARE DESIGNED TO WITHDRAW FROM PRETORIA OUR 40 PLUS YEARS OF ECONOMIC SUPPORT. THE OBJECTIVE IS TO MAKE THE SOUTH AFRICAN REGIME DISMANTLE ITS REPRESSIVE AND DANGEROUS APARTHEID SYSTEM AND NEGOTIATE WITH LEGITIMATE LEADERS OF THE BLACK MAJORITY. WE, LIKE MOST AMERICANS SUPPORT INCREASED ECONOMIC SANCTIONS AGAINST SOUTH AFRICA BECAUSE ECONOMIC PRESSURE REPRESENT THE ONLY REALISTIC ALTERNATIVE TO INCREASED VIOLENCE AND BLOODSHED.

APARTHEID IS A LONG-STANDING MONSTER. TRAGICALLY IT WAS CREATED WITH THE PARTICIPATION OF WESTERN GOVERNMENTS AND BUSINESSES. EVEN WORSE, IT IS MAINTAINED TODAY WITH AMERICAN AND OTHER WESTERN SUPPORT. AMERICA'S LONG TERM INTERESTS DEMAND THAT WE REMOVE SUCH SUPPORT AS RAPIDLY AS POSSIBLE. WHEN FREEDOM COMES TO THE BLACK MAJORITY --AS IT SURELY MUST--LET IT NOT BE SAID THEN THAT OUR ROLE IN IT WAS MARGINAL, OR WORSE, NEGATIVE.

OUR ADVOCACY OF ECONOMIC SANCTIONS IS NOT DEVOID OF CONCERNS ABOUT THE PAINFUL ASPECTS OF THIS POLICY. IT IS CRUDE SOPHISTRY TO SUGGEST THAT ACTIVISTS IN SOUTH AFRICA AND ALL OVER THE WORLD WHO HAVE DEVOTED THEIR LIVES TO ENDING APARTHEID DO NOT CARE ABOUT THE BLACK PEOPLE OF SOUTH AFRICA BECAUSE THEY ADVOCATE SANCTIONS. AND WHEN THIS POINT IS MADE BY THOSE WHO PAY MILLIONS IN TAXES TO THE APARTHEID REGIME OR THOSE WHO RECEIVE MILLIONS IN PUBLIC RELATIONS AND OTHER FEES FROM THAT REGIME, IT BECOMES SHAMELESS.

HISTORICALLY, PRETORIA HAS BEEN AS IT PRESENTLY IS, INTRANSIGENT AND HOSTILE TOWARD ALL INTERNAL ATTEMPTS TO END APARTHEID PEACEFULLY. IF ECONOMIC SANCTIONS ARE NOT IMPOSED, APARTHEID WILL BE DISMANTLED, BUT ONLY THROUGH A RACIAL WAR. TO AVERT THIS DISASTER, THE U.S. MUST REMOVE ITS ECONOMIC UNDERPINNING OF APARTHEID. WE MUST IMPOSE THE STRONGEST POSSIBLE ECONOMIC PRESSURE.

IN OCTOBER 1986, THE CONGRESS STARTED ON THIS ROAD. IT PASSED--AGAINST THE DETERMINED OPPOSITION OF THE PRESIDENT--THE COMPREHENSIVE ANTI-APARTHEID ACT. A PRIMARY OBJECTIVE OF THE 1986 LAW WAS TO ALERT THE BOTHA REGIME TO THE GRAVE CONCERNS OF THE AMERICAN PEOPLE ABOUT ITS POLICIES. HENCE THE LAW WAS LIMITED IN SCOPE AND MADE SOME REASONABLE DEMANDS ON THE REGIME TO OBVIATE THE NECESSITY FOR ADDITIONAL MEASURES. UNHAPPILY OVER THE PAST YEAR THE REGIME DISREGARDED THE ENTREATIES OF CONGRESS AND MADE NO EFFORT TO MEET ANY OF THE ACT'S CRITERIA FOR SIGNIFICANT PROGRESS TOWARD ENDING

APARTHEID. SHOULD CONGRESS IGNORE THIS CALLOUS DISREGARD OF A GOOD FAITH EFFORT TO HELP BRING ABOUT A SOLUTION TO THE CONFLICT, IT WOULD FOREVER FORFEIT A POSITIVE ROLE IN THE REGION.

DESPITE ITS LIMITED SCOPE AND SOUTH AFRICA'S INTRANSIGENCE, THE 1986 LAW COULD HAVE HAD GREATER IMPACT IF IT DID NOT HAVE TO CONTEND WITH THE UNBRIDLED HOSTILITY OF THE PRESENT ADMINISTRATION. THIS HOSTILITY LED TO LAX ENFORCEMENT OF THE LAW WHICH IN TURN FED THE INTRANSIGENCE OF THE REGIME IN PRETORIA.

THE REAGAN ADMINISTRATION DID NOT FAITHFULLY EXECUTE THE LAW. FEDERAL AGENCIES WROTE IMPLEMENTATION REGULATIONS FULL OF LOOPHOLES. THE BAN ON SOUTH AFRICAN URANIUM IMPORTS, FOR EXAMPLE, WAS GUTTED BY THE EXEMPTION OF URANIUM HEXAFLOURIDE. THE U.S. TRADE REPRESENTATIVE FAILED TO PENALIZE FOREIGN COUNTRIES TAKING ADVANTAGE OF OUR SANCTIONS. THE PROHIBITION OF FOOD AND AGRICULTURAL PRODUCTS WAS SIDESTEPPED BY THE CONTINUED IMPORTATION OF SOUTH AFRICAN LOBSTER "PROCESSED OFFSHORE." THE REAGAN ADMINISTRATION REFUSED TO ORGANIZE A MEETING WITH OTHER WESTERN GOVERNMENTS TO COORDINATE PRESSURE ON SOUTH AFRICA AS REQUIRED BY THE LAW.

SEEING THIS LAX IMPLEMENTATION OF THE LAW COUPLED WITH THE CONSISTENT VETOING BY THE UNITED STATES OF UNITED NATIONS RESOLUTIONS IMPOSING ECONOMIC SANCTIONS ON IT, PRETORIA CONCLUDED THAT IT COULD CONTINUE THE REPRESSION OF THE MAJORITY WITH IMPUNITY. THE SOUTH AFRICAN GOVERNMENT APPARENTLY IS CONVINCED THAT THE WESTERN POWERS ARE NOT PREPARED TO ACTUALLY TAKE SIGNIFICANT MEASURES AGAINST APARTHEID. IT HAS ACTED ACCORDINGLY. A FEW MONTHS AGO IN FEBRUARY, IT SILENCED 17 ORGANIZATIONS THAT OPPOSE APARTHEID NONVIOLENTLY. IT DETAINED CIVIC AND RELIGIOUS LEADERS. IT ALL BUT SILENCED THE CONGRESS OF SOUTH AFRICAN TRADE UNIONS (COSATU), THE LARGEST FEDERATION OF UNIONS IN THE COUNTRY. IT CURTAILED FUNDRAISING BY PEACEFUL GROUPS. IN EARLY MARCH, BEFORE ARCHBISHOP TUTU COULD INAUGURATE A NEW PEACEFUL GROUP, THE REGIME BANNED EVEN THAT. IT THEN THREATENED TO MOVE AGAINST ALL RELIGIOUS SERVICES THAT CRITICIZE APARTHEID.

AS I SPEAK HERE TODAY, PRETORIA IS MOVING TO EXECUTE SIX YOUNG SOUTH AFRICANS-- FIVE MEN AND A WOMAN KNOWN INTERNATIONALLY AS THE SHARPEVILLE SIX-- ON TRUMPED UP CHARGES OF MURDER. EVERY SIGNIFICANT INTERNATIONAL LEADER AND ORGANIZATION HAS ASKED THE REGIME TO COMMUTE THEIR SENTENCES. IT IS APT TESTIMONY TO THE OUTLAW CHARACTER OF THIS REGIME THAT FEW EXPECT THEM TO LISTEN. IF THESE SIX PEOPLE ARE EXECUTED, IT WILL NOT BE BECAUSE OF ANY CRIME THAT THEY COMMITTED. THEIR EXECUTION WOULD BE ONE MORE BRUTAL ACT DESIGNED TO SILENCE THE BLACK MAJORITY. SOUTH AFRICA IS INURED TO MORAL SUASION. WE MUST IMMEDIATELY WITHDRAW ALL ECONOMIC SUPPORT THAT SOUTH AFRICA CURRENTLY ENJOYS FROM US; WE MUST IMPOSE THE TOUGHEST POSSIBLE ECONOMIC SANCTIONS AGAINST APARTHEID NOW.

WE MUST EXERT THIS ECONOMIC PRESSURE BOTH BILATERALLY AND MULTILATERALLY. BILATERALLY, U.S. ECONOMIC SANCTIONS AGAINST SOUTH AFRICA MUST BE TOUGHENED AND EXPANDED. THAT IS WHY TRANSAFRICA, THE FREE SOUTH AFRICA MOVEMENT, AND MILLIONS OF AMERICANS SUPPORT STRONGLY

THE COMPREHENSIVE LEGISLATION YOU ARE CONSIDERING TODAY.

ONCE THIS BILL IS ENACTED, WE SHOULD MOVE EXPEDITIOUSLY ON THE MULTILATERAL FRONT. RATHER THAN VETO UNITED NATIONS CENSURE OF SOUTH AFRICA--AS THE REAGAN ADMINISTRATION HAS DONE ALL TOO OFTEN--THE U.S. MUST TAKE THE LEAD IN PRESSURING PRETORIA GLOBALLY. WE MUST INITIATE ACTION IN THE UN SECURITY COUNCIL TOWARD MANDATORY COMPREHENSIVE ECONOMIC SANCTIONS AGAINST SOUTH AFRICA. SUCH ACTION IS PROVIDED FOR BY CHAPTER 7 OF THE UN CHARTER.

MR. CHAIRMAN. ONE OF THE MORE DISTURBING ASPECTS OF APARTHEID'S PERSITENCE OVER THE PAST DECADES HAS BEEN THE WAY IN WHICH ITS BENEFICIARIES HAVE BEEN ABLE TO ATTRACT WELL-MEANING PEOPLE TO ITS DEFENSE USING SPURIOUS ARGUMENTS. AMONG THE MANY OF THESE THAT ARE GAINING CURRENCY NOW ARE THE FOLLOWING WHICH I SHALL ONLY BRIEFLY ADDRESS:

1. "Sanctions have failed."

THE 1986 SANCTIONS HAVE WORKED CONSIDERING THEIR NARROW FOCUS, SHORT DURATION AND LAX IMPLEMENTATION. AS SENATOR EDWARD KENNEDY AMONG OTHERS HAS POINTED OUT THE 1986 SANCTIONS HAVE ACHIEVED SOME OF THEIR LIMITED OBJECTIVES. THEY HAVE IMPROVED AMERICA'S IMAGE, AND SERVED OUR INTERESTS THROUGHOUT THE WORLD. AND THEY HAVE WARNED PRETORIA THAT IT CAN NO LONGER COUNT ON THE AMERICAN PEOPLE IGNORING ITS REPRESSION.

2. "Sanctions hurt blacks."

BLACK SOUTH AFRICANS--AND VIRTUALLY ALL THEIR GENUINE. RESPECTED LEADERS--HAVE CALLED FOR SANCTIONS. THEY HAVE DECLARED THEIR WILLINGNESS TO ENDURE SANCTIONS THAT WILL PENALIZE APARTHEID AND HELP END IT. THE LARGEST LABOR UNION FEDERATIONS IN THE COUNTRY--COSATU. THE NATIONAL ASSOCIATION OF CREDIT TRADE UNIONS (NACTU). THE NATIONAL UNION OF MINEWORKERS (NUM). AND OTHERS--HAVE CALLED FOR SANCTIONS.

3. "Sanctions have made South Africa repressive."

U.S. ECONOMIC SANCTIONS WERE INSTITUTED ONLY IN OCTOBER 1986. THERE WERE NO U.S. ECONOMIC SANCTIONS 28 YEARS AGO WHEN PRETORIA SHOT DOWN 69 PEACEFUL DEMONSTRATORS IN COLD BLOOD AT SHARPEVILLE. SANCTIONS WERE ABSENT WHEN THE GOVERNMENT KILLED HUNDREDS OF SCHOOL CHILDREN IN SOWETO IN 1976. PRETORIA DETAINED AND TORTURED THOUSANDS OF CHILDREN IN 1986 BEFORE SANCTIONS WERE IMPOSED. REPRESSION IN SOUTH AFRICA HAS PRECIPITATED SANCTIONS, NOT THE OTHER WAY AROUND.

4. "The issue in South Africa is communism."

THIS IS A TIRED OLD CANARD. OUR NATION COOPERATED WITH THE SOVIET UNION TO DEFEAT HITLER. PRESIDENTS NIXON AND REAGAN HAVE BOTH BEEN TO CHINA. MR. GORBACHEV CAME TO THE WHITE HOUSE. MR. REAGAN HAS GONE TO MOSCOW IF COMMUNISM COMES TO SOUTH AFRICA IT WILL BE LARGELY BECAUSE

KEY WESTERN POWERS REFUSED TO HELP THE OPPRESSED PEOPLE OF SOUTH AFRICA IN THEIR HOUR OF NEED.

5. "Sanctions constitute a war on the South African people."

SANCTIONS ARE SIMPLY THE REMOVAL OF THE FOREIGN ECONOMIC SUPPORT THAT APARTHEID USES TO OPPRESS BLACK SOUTH AFRICANS. SANCTIONS ARE EFFECTIVE ASSISTANCE TO THOSE SOUTH AFRICANS FIGHTING OPPRESSION.

6. "The solution in South Africa is to pour investments into apartheid."

DOES ANYONE ADVOCATE INCREASED INVESTMENT AS A WAY TO CHANGE THE BEHAVIOR OF LIBYA. ETHIOPIA OR IRAN?

THERE ARE MANY MORE FALLACIES ABOUT APARTHEID THAT I AM SURE YOU WILL ENCOUNTER IN THESE HEARINGS. BUT THEY HAVE ONE THING IN COMMON; THEY ALL DISPENSE THE SAME ADVICE: "DO NOTHING TO WEAKEN APARTHEID." WHAT MUST BE DONE IN THE FACE OF THESE ARGUMENTS IS CLEAR. WE MUST EXPOSE THEM FOR THE FALSITIES THAT THEY ARE. WE MUST REFUSE TO LET THEM STOP US FROM IMPOSING THE EFFECTIVE ECONOMIC SANCTIONS CONTAINED IN THIS LEGISLATION THAT CONSTITUTE THE BEST MEANS FOR ERADICATING APARTHEID PEACEFULLY.

THANK YOU.

Statement Of

Jim Martin

Washington, D.C. Representative

Congress of Racial Equality (CORE)

Senate Committee On Foreign Relations
June 23, 1988

Mr. Chairman, Members of the Committee, Staff, my name is Jim Martin, Washington Representative of the Congress of Racial Equality (CORE) and member of it's National Board of Directors, Vice President, International Studies, The Committee for New Beginnings, a public policy research center in New York City and, most recently, nominated to the Board of Directors of Peaceful Progress in South Africa. Further, I serve as a consultant to the World Conference of Mayors.

The views I share today are personal, with the exception that CORE has a position generally opposed to sanctions as a manifestation of foreign policy. That opposition extends to proposed legislation imposing additional sanctions on the Republic of South Africa. Organizationally, it is believed that this current legislation is so substantially different from the CAAA of 1986, that it's passage would mark the entry of the United States as a partisan in the struggle for change in South Africa, as opposed to a participant. That is to say that this measure offers narrowly-based solutions to a broadly based problem.

When the CAAA of 1986 was passed, the stated goal of United States policy toward the government of South Africa was to bring about reform in the system of government that will lead to the establishment of a non-racial democracy (Section 101(a). Prior to it's passage, there had been numerous "reforms" in the repugnant system of discrimination /segregation known as apartheid including repeal of the pass laws and influx controls, critical impediments to non-white mobility.

After passage, reforms came to a grinding halt.

After passage, unemployment among blacks, already at a level of over 40%, increased to about 50% since the CAAA impacted upon those areas such as agriculture, coal, textiles, wherein large numbers of blacks ere employed.

After passage, the pro-apartheid Conservative Party replaced the Progressive Federal Party as official opposition in the House of Assembly and in recent by-elections increased its representation. The Conservative Party advocates the rebuilding of the apartheid system in all its savage brutality and most extreme form of segregation/discrimination/job preferences for whites, further victimizing blacks.

After passage, the State President's Commission considering repeal of the Group Areas Act shelved it's recommendations and that Act, oath the Population Registration Act, undergird the abhorrent social system of apartheid.

After passage, the state of emergency has been reimposed to additional years in spite of U.S. opposition.

After passage, over 80 U.S. based companies, firms which had impact on black advancement, black housing, black education and employment for greater than their numbers would indicate, left South Africa selling their assets at bargain prices, further restricting the opportunities for blacks to be involved in a market economy and enriching white businesses.

What went wrong? Why didn't the government of South Africa react to the rhetoric of the pro-sanctions advocates and begin the process of negotiation, urban political organizations release Nelson Mandela and Walter Sisulu? Why did not the government of South Africa realize, as was often said during the House floor debate, that the CAAA of 1986 as the last nail in the coffin of apartheid?

Peter Wallenstein writing in the Journal of Peace Research, Volume 5, No. 3 in 1968, writes, "The general picture is that economic sanctions have been unsuccessful as a means of influence in the international system."

The sanctions imposed by the CAAA of 1986 were designed to send a signal of disapproval to the National Party government of the Republic of South Africa-to show that the United States wanted to place itself fully on the correct side of history as it was believed that in a matter of time, the non-white minority government could crumble to a combination of internal and external pressures

This negative statement directed towards the South African government was joined with the most minimal of positive statements toward the non-white "disadvantaged victims of apartheid".

The December 1987 issue of Race Relations News, summarize the results of fourteen (14) polls conducted among blacks in the Republic of South Africa. Contrary to the rhetoric of those pro-sanctions advocates in the U.S. and elsewhere, in thirteen (13) of those polls, the results demonstrated that blacks did not want to have sanctions/disinvestment laws passed at the cost of their jobs. Those persons and their families who are most at risk because of our laws indicate that they do not want the negative consequences of those las.

There are those in the U.S. who have arrogated unto themselves the ability to selectively listen to voices who echo their statements. Such "preachers to be converted" have begun, worse of all, to believe their preachments that blacks will endure more pain to dismantle apartheid.

Have they heard the pronouncements of Bishop Issac Mokoenna, leader of over 4 million black church members who oppose sanctions?

Have they listened to Tom Boya, Mayor of Daveyton, and president of United Municipalities of South Africa, representing 195 black townships with over 81% of the black urban population, in his opposition to sanctions of any type?

Have they listened to Bishop Mzilikazi Masiya of Jesus Christ for Peace in South Africa, and leader of eight (8) apostolic Zion denominations representing over 1.8 million blacks opposing sanctions?

Have they listened to Bishop Harold B. Senatle of the 18th Episcopal District of the African Methodist Episcopal (AME) church representing over 1 1/2 million blacks who oppose sanctions?

Have they listened to Bishop Lekganyane of the Zion Christian Church with over 1.1 million adherents who have endorsed a position opposing sanctions for the third year in a row?

Have the canvassed the eighteen (18) constituent bodies comprising the black National African Federated Chambers of Commerce (NAFCOC) which have called for America's continuing investment in black owned businesses in South Africa?

Have they listened to Ernest Mcunu, Chairman of the Executive Committee of the Black Management Forum in his organizational request for continuing targeted investment in black owned businesses in South Africa?

I could list more names of organizations, educators, and institutions and some trade unionists who have journeyed to America to present a plea for continuing "engagement" in South Africa by a vigorous multi-faceted U.S. business community, pleas for teacher-training programs, pleas for increased community programs, even self-help human rights programs under auspices of African Development Foundation. But the list would be futile.

Members of the pro-sanctions movement have that unique ability to discern in a chorus of voices, those three or four who agree with them, conferring status to their beliefs. Those other voices in that chorus must be wrong, they say, because they are not agreeing with a political tactic to oppose a moral crisis: they, the pro-sanctions advocates, believe possess the only answers to the crisis of power in South Africa, more sanctions, less investment by U.S. based firms, fewer markets for certain South African goods, and consequently, more black unemployment and suffering.

If it to be argued that additional suffering on the part of the victims of apartheid is necessary from the proposed legislations targeted sanctions, how best to minimize that suffering, consistent with our goal to promote a multi-racial democratic society? The sanctions at issue are targeted in that 80% of South Africa's imports to the U.S. are exempt from it's provisions - the pain is targeted to those labor intensive industries wherein black comprise a major portion of labor - textiles, agriculture, sugar - as well as coal, steel so that pain is maximized.

When it is argued that the United States must take a leadership position in the free world in it's relations with the government of South Africa by imposing sanctions and disinvestment as a "moral stand against repression and racism", I have to inquire as to our commitment to our morality when strategic minerals are exempted.

Based on dollar volume, as reported by the U.S. Department of Commerce, over 80% of South Africa's imports to the United States will not be curtailed by operation of this proposed legislation. Mineworkers involved in the operation of Manganese, Chrome, Platinum and Vanadium mines ill not lose their jobs in spite of our "moral posture". How "moral" are we when we favor one segment of the South African economy in our legislation, and impose punitive measures on other segments?

How do we demonstrate our conviction to a "higher morality" in intergovernmental relations to non-white South Africans, when the legislation permits evasion of pain here in the U.S.?

How can we say that pain and hardship on the part of black South Africans is ennobling? But pain and suffering to our defense, auto and other industries is disastrous to our economy?

Many black leaders of the business, educational and institutional communities await our answer.

If it is to be argued that more pain and suffering on behalf of black workers and their families is necessary to dismantle apartheid, what is the vision of the future of South Africa that undergirds this notion?

Critical to the notion that more black pain is in fact necessary and is desired by the black community is the stake of those calling for sanctions. When the leader of COSATU, Jay Naidoo, calls for more stringent sanctions, these observations must be made:

1) COSATU is a bona-fide Congress of legal trade unions organized to promote the trade union movement;

2) The largest constituent member of COSATU is the National Union of Mineworkers representing over half of the COSATU membership;

3) As the largest union when coal miners are removed from the ranks, over 48% of COSATU's membership is the NUM;

) Since the strategic minerals, Platinum Group Metals and Gold, are not effected by this or the prior sanctions bills what one must conclude is that the majority o COSATU's members are not to be effected by any job loss imposed by this sanctions bill;

5) Accordingly, one must seriously question the protestations of devices for voluntary suffering, when the bulk of COSATU's NUM component's will not be called upon to suffer and inquire as to their motives for the call.

Do the proponents of this legislation want to promote a free enterprise market-oriented non-racial democracy? Do they want participation in South African firms who will accept the tradition of social responsibility operating there?

The removal of U.S. based corporations mandated by this law would remove the remaining firms there spending 12% of annual payroll of social responsibility programs for employees and their families. These programs include secondary school scholarships, university scholarships, construction of schools in black townships such as Tembisa, Kwa Thema, and Daveyton, Community Centers with libraries and adult education programs, housing for employees and retirees, housing loan programs, teacher training facilities and support. The functioning of these programs leads to a more educated, more involved citizenry eager and willing to participate fully in a non-racial society.

The loss of those U.S. based firms means the loss of those social responsibility programs. How does the creation of unemployment, of prolonged suffering, lead to an environment conducive to a free enterprise market-oriented, non-racial democracy?

Advocates of this proposed legislation have no answers to that question.

Does the proposed legislation confront the loss of the programs listed done? On the fact of it this legislation substitutes the U.S. in the role of those U.S. based firms as did the CAAA of 1986. Unfortunately, if we look at fact instead of rhetoric, such substitutes will leave black South Africans no better than if the programs failed to exist.

The substitute programs to be administered by U.S. Agency for International Development pursuant to the CAAA of 1986 was funded by Congress at a level of approximately 35% of authorized expenditure. There was no apparent leadership by Congress to ascertain that full funding of the social responsibility programs, democratic catalysts, occurred, it being felt that any leadership to obtain funds for the "disadvantaged victims of apartheid" would be perceived as a desire to make apartheid "comfortable" for those victims.

Further, aid to black South Africa was compromise by the initial inter-departmental turf wars between U.S.AID and the U.S. Department of Commerce over administration of these programs. Because of these factors, one must wonder that a 35% level was achieved.

The proposed legislation expressly prohibits the Section 310 of the 1986 CAAA in the attempt to remove America as a participant in the South African economy. A key provision of Section 310 permitted investment in black-owned businesses in South Africa. That provision was never given the publicity and direction that should have characterized such a program to follow the resolutions of the National African Federated Chambers of Commerce (NAFCOC) of 1986 and 1987 calling for targeted investment in black-owned businesses.

In recent testimony before the House of Representatives, James Ncgoya, President of South Africa Black Taxi Association (SABTA) called for continuing investment in black-owned enterprises as a way to strengthen the black community.

Frankly, he was dismissed as irrelevant.

The president of The African Bank, M. "Gaby" Magomola, as recently in Washington attempting to meet with members of the Congress only to be told that it was not "fitting for a black to lead a bank in South Africa - it makes racism tolerable". He too had come to urge continuing targeted investment in black-owned businesses.

Based upon the response of lawmakers and their staff persons, those black South Africans have no knowledge of the needs or desires of their country, only Americans and certain other black South Africans who favor sanctions know of South Africa's needs and desires.

Summarizing CORE's reaction to this proposed legislation, we believe it sends a negative statement to the white South African government, without a positive statement to black South Africa.

We believe that a vigorous multi-faceted aid program targeted to "the disadvantaged victims of apartheid" would constitute the beginnings of an appropriate response to the continuing crisis in South Africa. These programs are already in place, but seem not to be coordinated in the South African context.

Among them are:

1) Microenterprise Programs, consisting of programs of small dollar loans to promote small business development, training to be accomplished by Entrepreneurs International under U.S. AID auspices;

2) Private Sector Revolving Fund Programs managed by the Bureau of Private Enterprise for larger loan/grant programs to stimulate the growth of a vigorous private sector;

3) The American Schools and Hospitals Aboard (ASHA) Program; a program wherein non-profit, private, American-sponsored schools/hospitals multi-racial in operation would be promoted. Schools such as St. Agnas, Pace Community College, and New Era Schools Trust (NEST) non-government funded and operated, could be placed throughout South Africa with a desire to implement the program.

4) The Housing Guaranty Reserve Fund, for FY 1987, A.J.D., is requesting $22 million in borrowing authority. Currently, there is an 800,000 housing unit backlog in unfilled black housing needs. The Housing Guaranty Reserve Fund should consider that there are other nations on the African continent beside Kenya to receive such funds.

5) The International Foundation for Electoral Assistance: a program designed to strengthen democracies abroad should be utilized and targeted for the October, 1988 black municipal elections to promote participation and understanding of the electoral process.

6) The Initiative to End Hunger in Africa. In light of rural black hunger and malnutrition in South Africa, personnel involved in administering this program should be reminded that South Africa is on the African continent.

7) The African Development Foundation (ADF). Since 1984 the ADF has refused to fund self-help programs such as the Village Women Cooperative in Guyana, founded by former U.S. Olympian Dr. Delano Meriwither. Although the Foundation is to be commended for the successful funding of over 100 projects, the refusal to fund projects to benefit "the victims of apartheid" should be examined and geography lessons begun.

8) International Fund for Agricultural Development. A loan program to stimulate agricultural development and food production.

9) The Human Resources Development Assistance Project. A training program with over 6,900 participants in FY 1988.

10) The Development Fund of Africa.

We at CORE are not privy to all of the programs of the U.S. AID and Department of Commerce but we believe that these programs, fully coordinated, can be powerful tools to implement U.S. policy.

We must in closing indicate that sanctions/disinvestment as vehicles to implement policy are fundamentally flawed. One need focus only on events in Panama, Libya, Nicaragua, Cuba to see that governmental changes are not a logical consequence of the imposition of sanctions.

Those who argue that multi-lateral comprehensive sanctions will accomplish the dismantling of apartheid, Dr. Margaret Doxey, published in International Organization, Volume 26, No. 3, writes:

> "Summing up the analysis of the U.N. and Southern Africa one must concede that the deterrent and the coercive force of sanctions is week on almost every count."

The case for sanctions is weak; sanctions as a remedy is weak. hat we ask for is a strong policy of commitment to empowerment for blacks, multi-faceted in scope to reflect the multiplicity of black opinion and movements, to promote a non-racial democratic participatory South Africa.

Thank you Mr. Chairman for this opportunity.

Blacks turn their backs on disinvestment

The great weight of opinion poll evidence ntradicted the claim that black South ricans were willing to sacrifice' their jobs on the 'altar of economic warfare,' the Executive Director of the South African Institute of Race Relations, Mr John Kane-Berman, said in London in November.

Addressing British members of the Institute at the Reform Club, Mr Kane-Berman said: 'There seems to be a wide view abroad that most black South Africans favour sanctions and disinvestment. The weight of opinion survey evidence suggests otherwise, however.'

Mr Kane-Berman and the Institute's Membership Manager, Mrs Jenneke Schuurmans-Stekhoven, were visiting London to brief British individual and corporate members of the Institute on current developments in South Africa.

Mr Kane-Berman said that opinion polls did 'not mean that blacks oppose all international pressures against the South African government, but that they take a pragmatic view of what kinds of pressures should be applied.'

However, Mr Kane-Berman said, the sanctions campaign had had one 'positive effect': like the political conflict of the past three years, it had helped to alert a widening circle of businessmen to the need for change in South Africa, and had thus been one of the factors eroding the complacency which for many years had been the hallmark of many of their attitudes to the brutalities of apartheid.

Elaborating on his remarks in an interview with *Race Relations News*, Mr Kane-Berman said that they had been based on an analysis of the fourteen most recently published opinion polls on the disinvestment/sanctions issue.

He said (see table) that in nine of the 14 surveys an absolute majority of blacks opposed sanctions and/or disinvestment. In another four, more were opposed to sanctions/disinvestment than were in favour thereof, but there was also a large 'don't know' segment or a large segment whose support for continued investment was conditional upon its being used to help dismantle apartheid.

In only one of the 14 surveys, Mr Kane-Berman pointed out, was there majority support for disinvestment.

Surveys

Publication date	Conductor/sponsor	Sample number	Area/ sample	Anti-disinvestment /sanctions	Pro	Other
June 1984	Schlemmer	551	Urban	74%	26%	
July 1984	HSRC	1 478	PWV	82%	10%	8% don't know
November 1984	Schlemmer	1 000	Urban	84%	14%	2% don't know
February 1985	HSRC	736	?	48%	18%	34% don't know
February 1985	HSRC	736	?	65%	30%	5% don't know
February 1985	Star	459	Johannesburg	51%	?	?
May 1985	HSRC	1 200	PWV	76%	16%	4% don't know
August 1985	London Sunday Times	400	Urban	?	77%	?
September 1985	CASE	800	Urban	26%	24%	49% conditional
May 1986	HSRC	1 338	PWV	68%	?	?
May 1986	London Sunday Times	615	Urban/rural	32%	29%	39% no view
April 1987	Bureau for Information	4 500	Urban/rural	79%	13%	8% don't know
October 1987	German Africa Foundation	1 004	Miners	70%	21%	9% undecided
October 1987	CASE	800	Urban/rural	26%	21%	46% conditional 6% non-committal

Sources: *Indicator* (Spring 1986); *Sunday Times* 15 September 1985 and 8 November 1987; Case press releases 1985 and 1987; *Star* 28 May 1986; (London) *Sunday Times* 3 August 1986; *Citizen* 31 October 1987; *SA Digest* 30 October 1987.

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Testimony of Byron Charlton of the African-American Labor Center
on behalf of the American Federation of Labor
and Congress of Industrial Organizations
before the Senate Foreign Relations Committee
on U.S. Policy Options Toward South Africa
June 23, 1988

I am Byron Charlton, Assistant to the Executive Director of the African-American Labor Center. I am responsible for the implementation of all AFL-CIO assistance programs in Eastern and Southern Africa.

The African-American Labor Center is one of four international affairs institutes of the AFL-CIO. Since its creation in 1964, the AALC has provided a wide-ranging program of assistance to trade unions in 45 African countries.

For the past 30 years, the AFL-CIO has expressed its steadfast opposition to the South African government's apartheid system and its denial of full trade union rights to black workers. Through the years, the AFL-CIO has urged the U.S. government to use its influence in international bodies and to develop strategies to help bring an end to apartheid in South Africa. Through the years, however, despite these efforts, the heinous system of apartheid remains entrenched.

The AFL-CIO saw finally that there was one channel of constructive action that had not yet been pursued—sanctions. That is why since 1985 the AFL-CIO has called for sanctions against the Pretoria regime.

This call for sanctions and total disinvestment, however, was made with the careful consideration of the fate of black workers in South Africa as well as the general interests of the United States. We took our guidance on this issue not from our own wisdom or appraisal of how much hardship people ought to pay for freedom; rather, we listened to the workers on the firing line who told us what they were willing to pay. The loud and clear message we received was : "Freedom is worth any price."

We in the trade union movement have a long history of making sacrifices in the short term to achieve objectives in the long term.

Every time we find it necessary to withdraw our labor and call for a strike in our efforts to improve conditions for working people, hardship is imposed.

Every time we boycott a product to seek to impair that product's position in the marketplace and curtail sales, hardships are imposed on the workers that manufacture that product.

But these are decisions made by any free trade union movement in full recognition that it must be prepared to make short-term sacrifices for long-term progress.

That's particularly true in a regime like that of South Africa, which is driven to maintain a vicious system of racism and the exploitation of human labor. To get rid of such a system and replace it with a system based on social justice, democracy and freedom, as the black South African workers consistently have told us, the price is not too high.

In 1986, AFL-CIO President Lane Kirkland, as part of a delegation of the International Confederation of Free Trade Unions (ICFTU), travelled to South Africa and met with South African trade unionists at all levels, from officers in federations and their affiliates and in independent unions down to shop stewards and rank-and-file members. All expressed the desire for peaceful, fundamental change and their willingness to pay the price. They urged us to support strong and effective sanctions against the Pretoria regime.

President Kirkland affirmed that black trade unionists and the members they represent were well aware of the adverse impact such sanctions could have on them. But like the workers of Poland and Chile and like the followers of the Rev. Martin Luther King, Jr., they know that freedom is worth the hardship.

In 1987, while in South Africa, I heard workers at all levels, from the leadership to the rank and file, once again call for the imposition of sweeping sanctions.

In our on-going contacts with over 40 affiliated and independent unions in South Africa the call for sanctions is continually reaffirmed.

There are arguments that sanctions will not bring about an end to apartheid and that the black workers will be worse off in the long run. This concern fades in the face of the realities that exist in South Africa. Black workers are suffering immense hardships now. If one visits any of the townships in the country, one sees the degrading living conditions forced on black workers: sheds with no plumbing, no electricity, steel cots with an open frame and no mattresses on which to sleep, poor sanitation. The workers are away from their families, they receive very low wages. Critics argue that by enforcing sanctions such people will suffer hardships? If these are not hardships already, we ask what is?

Others argue that after 18 months, the Anti-Apartheid Act of 1986 has done little to change the situation in South Africa. In response we say that it is difficult to assess fully the effectiveness of sanctions in this short amount of time, especially given the U.S. government's failure to monitor and enforce the Act.

The AFL-CIO cannot help but wonder whether the situation in South Africa would have improved instead of worsened had the 1986 Act been fully and effectively enforced and if the U.S. had supported rather than vetoed a U.N. Security Council Resolution to make the application of similar sanctions mandatory for all member states.

South African workers themselves argue that, if the U.S. and other countries applied effective sanctions, their suffering would be made briefer as would the time of their wait for freedom and independence. Yes, apartheid still exists and continues its oppressive and inhuman activities. One needs only be reminded of the recent renewal of the state of emergency for the third year, the introduction of a labor legislation amendment that will severely limit trade union rights of workers, the arrest of trade unionists for exercising the few union rights they have, the closing of more newspapers and the continuing of press censorship, the detention of children, and the failure to enact a just, democratic political system.

It is our belief that, if the United States fails to take the positive step of enacting more effective sanctions that give real and genuine encouragement and hope to the victims of apartheid, it will lose all capacity to play a role in any constructive solution.

Fundamental change—meaning the end of apartheid—is the only solution. Our failure to act forcefully with persuasive measures we will be perceived as supporting the white minority regime that's imposing inhuman conditions on the black majority.

This is why the AFL-CIO supports H.R. 1580 as reported by the House Foreign Affairs Committee, which will strengthen the 1986 act and provide for strict-monitoring of sanctions compliance. This legislation can play a role in the advancement of freedom and democracy in South Africa, which in the long-run safeguards the principles our nation holds dear. This is, after all, why the AFL-CIO is concerned about what goes on in South Africa and in other countries where freedom of association and democracy are denied.

Authentic and eloquent pleas for sanctions against the Pretoria regime come from all levels of the black labor movement. We believe that the casualties of the inhumanity of apartheid must have at least one right--to prescribe the remedy for change. Their message to the international trade union movement and to the world is clear: freedom at all costs and action now.

Time and events have overtaken gradualism. What black South Africans want is an end to the police state, the dismantling of the basic evil of apartheid and constructive change to a democratic system that will give millions a voice and a vote in their own future. The way to do this is through mandatory comprehensive sanctions, For, after all, sanctions will hurt black workers in South Africa far less than apartheid already does.

On behalf of the AFL-CIO, I thank you for this opportunity to present our views and concerns about the workers in South Africa and the effect of sanctions.

TESTIMONY BEFORE THE
SENATE FOREIGN RELATIONS SUBCOMMITTEE
HEARINGS ON

COMPREHENSIVE ANTI-APARTHEID ACT AMENDMENTS 1988

BY

PROFESSOR WALTER E. WILLIAMS*

GEORGE MASON UNIVERSITY
FAIRFAX, VIRGINIA

JUNE 23, 1988

*Affiliation given for identification purposes only. These remarks are the opinions of the author acting as a private citizen and not representing any organization or body.

Experience with economic sanctions suggests that the burden of proof regarding their efficacy would lie on their advocates. We have had economic sanctions against Cuba for decades yet there is little evidence Fidel Castro and his oppressive regime has weakened or halted its terroristic activities. We imposed a wheat embargo against the Soviet Union for its invasion of Afghanistan. Can we claim, long after that embargo has been lifted, it was responsible Soviet troop withdrawal. We have had sanctions against Poland that has produced very disappointing results in terms of advancing the cause of human rights.

In 1968 the United Nations called for a voluntary arms embargo against South Africa which, a decade later, became a mandatory arms embargo. Would those advocates of the arms embargo now be pleased to know that 1988 South Africa is virtually arms independent and has become a member of the top one dozen of the worlds largest arms exporters? Faced with this fact would those advocates now ask for an even tighter arms embargo?

Possibly, the motivation for sanctions, embargoes and disinvestment are well-intentioned but the results have been disappointing in terms of achieving their proponent's stated objectives. Those who shared euphoria with the passage of the Comprehensive Anti-Apartheid Act of 1986 now have the burden of proof in terms of telling us just what was has been accomplished. An easy way out is to suggest that the medicine was not strong enough and we need more. But such a response is an easy cover up for any kind of failed policy - foreign or domestic. In other words, I ask: has the South Africa government shown an increased willingness to negotiate a political settlement with the African National Congress? Has it granted blacks the right to vote? Has it completely dismantled the injustices of apartheid? From all the evidence that I see, there is little to make us optimistic that the Comprehensive Anti-Apartheid Act of 1986 has delivered on its promises and there is little to suggest that the proposed Comprehensive Anti-Apartheid Amendment Act of 1988 will bring us closer to our goal.

The proposed legislation, among other things, seeks to have South Africa declared a terrorist state. Whether that will do any good is up to anyone's speculation but what's plain and easy to understand is the hypocrisy.

African scholar Peter Duignan, of the Hoover Institution, reports that in South African, since 1900, there have been 7,000 blacks killed in civil conflict with government [South Africa: What's to Be Done? Hoover Institution Reprint Series No. 111]. Loss of any human life is tragic but South Africa's experience compares very favorably with those lost at the hands of brutal black governments in Uganda, Mozambique, the Central African Empire, Ethiopia, Nigeria and elsewhere on the continent which could total well into the millions.

Moreover, we have witnessed no less than genocide all over Southeast Asia. We have seen the atrocities of Russia in Afghanistan and the same lack of respect for human dignity all over the Middle East. If we were to be consistent and serious in our foreign policy, using standards we apply to South Africa, we could declare many governments terrorists. However, what I suspect, and the actions of the pro-sanctioneers confirm it, is that if the government of South Africa were any color other than white, the injustices it heaps upon its black citizens would go unnoticed by the rest of the world. We only get upset because it is whites who deny justice to blacks. If South Africa was a black government denying justice to its black citizens, its leaders would receive the same red carpet welcome as the Congress and the United Nations extends to brutal black regimes. The supreme irony is our new found love and willingness to move full steam ahead in diplomatic and economic relations with the Soviet Union failing to realize that Lenin was perhaps the most successful implementor of apartheid though he did not call it as such and instead referred to it as policy of the nationalities where the Soviet Union is divided into ethnic homelands called republics.

South Africa has made significant progress toward the rejection of apartheid. It has repealed all major apartheid laws with the exception of four. These are the Separate Amenities Act, the Group Areas Act, the Land Act and the continued denial of the right of blacks to vote. Much of apartheid was not necessarily repealed because of a change of heart, though that played a minor role; it was repealed first by stealth and then legislatively because apartheid ran up against the reality of market forces and economic growth.

This suggests that black welfare in South Africa is best promoted by a robust economy. Instead of our seeking to sever economic ties with South Africa, we should be enhancing them. This opinion has been expressed by notable anti-apartheid activists in South Africa such as Helen Suzman, Chief Buthelezi and the deceased Alan Paton. Moreover, it also finds its expression in several public opinion surveys as reported in the table below.

Sanctions and Disinvestment Surveys

Publication date	Conductor/ sponsor	Sample number	Area/ sample	Anti-disinvest sanctions	Pro	Other
June, 1984	Schlemmer	551	Urban	74%	26%	-
July, 1984	HSRC	1,478	PWV	82%	10%	8% don't know
November,1984	Schlemmer	1,000	Urban	84%	14%	2% don't know
February,1985	HSRC	736	?	48%	18%	34% don't know
February,1985	HSRC	736	?	65%	30%	5% don't know
February,1985	Star	459	Jo'burg	51%	?	?
May, 1985	HSRC	1,200	PWV	76%	16%	4% don't know
August, 1985	London Sunday Times	400	Urban	?	77%	?
Sept., 1985	CASE	800	Urban	26%	24%	49% conditional
May, 1986	HSRC	1,338	PWV	68%	?	?
May, 1986	London Sunday Times	615	Urban/ rural	32%	29%	39% no view
April, 1987	Bureau for Information	4,500	Urban/ rural	79%	13%	8% don't know
Oct., 1987	German Africa Foundation	1,004	Miners	70%	21%	9% undecided
Oct., 1987	CASE	800	Urban/ rural	26%	21%	46% conditional 6% non-commital

Sources: Indicator (Spring 1986); Sunday Times 15 September 1985 and 8 November 1987; Case press releases 1985 and 1987; Star 28 May 1986; (London) Sunday Times 3 August 1986; Citizen 31 October 1987; SA Digest 30 October 1987.

Very few black South Africans want Western companies to pack their bags and leave. The majority of blacks surveyed want western companies to stay so long as they practice nonracial hiring and promotion policies. They appear to be unwilling to see their jobs and chances for upward mobility sacrificed so that we can "send a message to Pretoria". It will be South Africa blacks sitting idly and facing worse economic conditions while Pretoria acts on the message.

On top of evidence that most South African blacks do not want to sever economic ties with the west is the irony, perhaps hypocrisy, found in the behavior of the Frontline States. Many of South Africa's neighbors are vocal proponents of economic sanctions as members of the United Nations. However, just a cursory examination of their actions reveal a robust trade with South Africa in the form of power purchases, grain purchases, railway and air transport usage. This is another example of how the reality of economics can force ideology to yield ground.

Finally, I would like to see which congressional advocate of sanctions, or anybody else who supports them, and argues that South African blacks must sacrifice their jobs for their freedom, give up their job until Pretoria acts on the message. In fact I would like to know which congressmen, has reached down into his pockets to send help to black South Africans. Hypocrisy and scurrilousness knows no greater height than when a man forces upon another man conditions under which he himself would not accept.

****

DRAFT

TESTIMONY OF THE RT. REVEREND JOHN T. WALKER
EPISCOPAL BISHOP OF THE DIOCESE OF WASHINGTON

BEFORE THE
SENATE COMMITTEE ON FOREIGN RELATIONS

June 24, 1988

Mr. Chairman, Members of the Committee on Foreign Relations. I am pleased to appear before you today and to share with you my views on pending legislation to impose full economic sanctions on apartheid-practicing South Africa. On June 16th, almost twelve years ago, the South African system of apartheid proved itself as evil as any we have known in this century. June 16, 1976 hundreds of black South Africans were shot down in cold blood. We would compare it to Naziism, Stalinism, or any of the brutal regimes of Central and South America. Many of these, men, women, but mostly children were killed because they dared to peacefully and non-violently protest a system that enslaved their minds and bodies. The South African government calls its system both Christian and Democratic. At the same time, it kills and imprisons innocent men, women, and children who dare to call on South Africa to practice the principles of christianity and democracy.

A democracy is a system that allows its citizens the right of self-determination, to have a voice in the laws which govern them, and to choice the leaders which make those laws. This is not the case in South Africa. Those who stand for justice and speak the truth as they see it, are imprisoned, banned or killed. This is not democracy. Black South Africans want an equal voice with others in determining their lives and they want to live in a free and open society. That should not be difficult to comprehend. They want the right to walk with dignity and to live in peace. They want the right to vote on the laws and the lawmakers who will govern their society. Nothing less will do. Not open beaches or lunch counters. Not bi-racial marriages or integrated neighborhoods. Not just a few seats in government for a select few. These are just tokens and are an insult to the dignity of the people.

lurk

I wish that the South African government would change without outside pressure. My personal hope was that there might be other ways than economic sanctions and boycotts. However, when a government refuses to listen to the human cry for justice and freedom, then it becomes necessary for the world human community to make a witness that is loud and clear. Apartheid must end; not gradually, or on some prolonged timetable. Apartheid must end now!

The Executive Council of the Episcopal Church, at its May 1988 meeting, voted by resolution to support "comprehensive diplomatic and economic sanctions by the United States." We of the Episcopal church in America will continue to commit ourselves to work for the ending of Apartheid. We will lobby, write letters, stand in demonstrations, go to jail, boycott and call for the strongest actions possible by our government and our people. We call upon all who value freedom to unite to continue the pressure until the system of Apartheid ends.

For all of the people -- blacks and whites of South Africa -- Apartheid must end. Justice and freedom must become a reality. There can be no compromising of justice and bowing in the face of evil. We believe that victory will be achieved and that our collective voices can and do make a difference.

I urge the members of this Committee, regardless of political party, point of view or personal perspective, to vote to impose full economic sanctions on South Africa. It is the only way, we as Americans and believers in democracy, can place ourselves on the side of justice, freedom and peace in the world.

TESTIMONY OF JOSEPH E. NEWSOME
before the U.S. Senate Foreign Relations Committee

June 24, 1988

Thank you, Mr. Chairman, for the opportunity to share with the Committee some brief thoughts on the matter before us, namely comprehensive economic sanctions against South Africa.

It is hard to know where to begin. Much of what I testify to has been said over and over again. It has been said by many people, black and white, young and old, American as well as South African, for many years. But our voices now are much stronger, more persistent, and more unified.

The African National Congress (ANC) has been championing the imperative of ending apartheid since 1912. Nelson Mandela has ably led the cause for a Free South Africa since his imprisonment over 25 years ago. The late Chief Albert J. Luthuli, past president of the African National Congress and a Nobel Peace Prize Laureate, stood with Dr. Martin Luther King, Jr., also a Nobel Peace Prize recipient, in 1962 to call for an end to US economic collaboration with the South African regime. Chief Luthuli said,

> *"I appeal to South Africa's strongest allies, Britian and America. In the name of what we have come to believe Britian and America stand for, I appeal to those two powerful countries to take decisive action for full scale sanctions that would facilitate the end of the hateful system of apartheid."*

Both men, both of these prophets, are now dead, but we can still learn from them. It is important to listen also to the likes of Steve Biko, whose proud message of liberation rings as clear today as when he was murdered in detention in 1977 by South African police. Anglican Archbishop Desmond Tutu, the Rev. Allan Boesak, the Rev. Bayers Naude: these have lent their own voices, often at great risk, to thousands of others in South Africa who now call for comprehensive economic sanctions at this point in their country's struggle for freedom. The Congress of South African Trade Unions (COSATU) has also spoken with the collective voices of its members: those who labor to generate South Africa's wealth, who pour their own sweat and blood into the mines. Their message to us is clear as well.

Today, I'd like to add my voice, along with those of 26 other organizations in in the state of Rhode Island, to a growing chorus of humanity calling for a Free South Africa and comprehensive economic sanctions. The position being stated is supported by the following organizations:

Amalgamated Clothing and Textile Workers Union
American Baptist Churches of RI
Association of Black Social Workers, RI Chapter
Council of Orthodox Churches of RI
Community Business Network
Episcopal Diocese of RI, Office of the Bishop
The Lutheran Church in America
Martin Luther King Center of Newport

Ministers Alliance of Rhode Island
National Association of Social Workers, Inc., RI Chapter
NAACP, Providence Chapter
Presbyterian Church USA, Synod of the Northeast
Priests for Justice
The Rhode Island Board of Rabbis
RI Caucus of Black State Legislators
RI Commission for Human Rights
Rhode Island Coalition Against Bigotry
Rhode Island Council 94, AFSCME, AFL-CIO
Rhode Island Divest
The Rhode Island Peace Mission
RI State Council of Churches
Roman Catholic Diocese of Providence, Office of the Bishop
United Church of Christ, RI Conference
The United Methodist Church, District Superintendent
Urban League of Rhode Island
Women for a Non-Nuclear Future
The Matima and Mashile families, native Black South Africans living in RI

In unity, we offer this testimony as citizens of the great State of Rhode Island, and we direct our sentiments especially to our very fine Senator, your esteemed Chairman, Mr. Claiborne Pell.

Our purpose is to make known to you our resolve to see 2378 pass the US Senate. We have studied the issue in our various organizations, and have prayed earnestly in our churches that we might discern a truth which is consistent with the bold and liberating gospel of Christ.

We know full well that sanctions is not the perfect answer, or the only answer. They will likely not provide a quick solution, but they may be the only authentic non-violent means of resistance we can exercise at this time.

In deciding what to say and how to say it, it was very clear to us that the expressed position of America and her citizens is important. It is no longer enough to simply declare that "apartheid is abhorrent." Our country's actions speak much louder than its offical rhetoric.

As for our organizations, we have chosen not to add our voices to those who, for selfish reaons, would listen to the corporations that increasingly frame their positions in pseudo-moral terms (such as claiming the need to stay in South Africa to help the black majority improve their lot). We have also chosen not to side with those who claim that whites, on both sides of the ocean, must always stick together, no matter how evil the crime being perpetrated. And we have chosen not to agree with those who, quite suddenly, have taken the welfare of the South African black community to heart and would dare not see a single black lose his or her job because of sanctions. The position these people have taken is to repeatedly denounce the apartheid system, but then to stop short of calling it for what it really is, anti-democracy and anti-Christian, and never (or reluctantly) taking action to sever our collaborative relationship with it.

Rather, we have chosen to stand with the oppressed and against the oppressor. We advocate our desire to see the unjust laws of apartheid completely destroyed, not gradually reformed, or constructively engaged. Apartheid is a mockery to the God of love that most of us profess to serve, a God that has always proclaimed His oneness with those who are poor and oppressed.

The American Baptist Churches in the USA recently passed a resolution on South Africa which stated, in part:

> Throughout the Bible, God appears as the liberator of the oppressed. God is not neutral. He takes sides with the oppressed. As stated in Psalms 103:6, "God, who does what is right, is always on the side of the oppressed."

We believe, with all our hearts, that God is saying to us, and to those with economic and political authority both here and in South Africa, to let these, *His* people go! But should we choose to ignore The Word, it is still utter foolishness to ignore the strong, historical forces for freedom and justice in the southern Africa region, especially given the well-documented US dependence on strategic minerials in that region. It will behoove our government to side with the black majority *while we still can* because *they will eventually win* their battle against the evil of apartheid.

Finally, apartheid is no less a sin against humanity than the horrendous, planned persecution and extermination of the Jews earlier in this century. We know that not one of us in the United States would put up with, even for a day, the treatment that the blacks of South Africa must endure for their entire lifetime. We must begin to deal with this issue with the sense of urgency and righteous indignation it demands.

We believe in your capacity to act with justice, and urge your passage of S-2378. We petition this Committee to do all in its power to implement the provisions of 2378 and to do whatever it can to facilitate an end to apartheid in South Africa.

Thank you.

* * * * * * *

RHODE
ISLAND
COALITION AGAINST BIGOTRY

TESTIMONY

Senate Foreign Relations Committee

June 24, 1988

S2378 - Comprehensive Economic Sanctions Against South Africa

The Rhode Island Coalition Against Bigotry (R.I.C.A.B.) applauds and fully supports S-2378, the comprehensive economic sanctions bill against South Africa.

The R.I.C.A.B. has opposed violence associated with bigotry and prejudice for nearly ten years and has worked effectively to improve intergroup relations across religious, ethnic and racial lines. The Board of Directors is deeply concerned about the South African government's escalating repression of peaceful opposition to apartheid. We believe that the United States as a nation must take the only moral position available to these unconscionable acts of the South African government - that of full economic sanctions. The Black African community in this struggle for non-violent change has suffered immeasurably. These sanctions will not cause more suffering - that issue is a red herring.

In the face of total reorganization of the South African government and economy, Black Africans can only gain, for surely they can lose no more.

Since nearly 900,000 people, many of them children, have given their lives for their beliefs, isn't it time we, as a nation, stop our immoral involvement in sustaining the South African government, particularly in the area of aggression against Blacks within the country of South Africa, but also against the surrounding countries including Mozambique, Angola, Namibia and others ?

South Africa's efforts at destablizing the entire Southern African continent are part of its total strategy to use neighboring countries in defense of apartheid.

As Anglican Archbishop Desmond Tutu has stated: "We are suffering already. To end it, we will support sanctions, even if we have to take on additional suffering. To whom is the international community willing to listen? To the victims and their (spokes people), or the perpetrators of apartheid and those who benefit from it"?

(2)

To whom will you, as members of the Senate Foreign Relations Committee listen? To the victims and those of us from the United States who believe fully in their freedom, or the corporations of the United States whose profit margin is endangered by these economic sanctions?

We of R.I.C.A.B. believe that you will make the correct decision and pass, unchanged, S2378.

Thank you.

Grace C. Osediacz

Grace C. Osediacz, M.Ed.
Director, R.I.C.A.B.

MEMBERS OF R.I.C.A.B. INCLUDE:

The Urban League of Rhode Island
The National Council of Christians and Jews
The Commission on Racial, Ethnic and Religious Bias
The Rhode Island State Department of Education
The Rhode Island Higher Education Authority
Opportunities Industrialization Center of Rhode Island
The Roman Catholic Diocese of Providence
The Rhode Island State Council of Churches
The Providence Human Relations Commission
The Honorable Lt. Governer Richard Licht
The Jewish Federation of Rhode Island
The Martin Luther King Center

Office of Communication
UNITED CHURCH OF CHRIST
105 Madison Avenue
New York, NY 10016
Hans Holznagel, Press Contact
(212) 683-5656, ext. 184

STATEMENT FROM THE UNITED CHURCH OF CHRIST.

FOR IMMEDIATE RELEASE

ABANDON 'KID-GLOVE POLICY,' APPROVE SOUTH AFRICA SANCTIONS, UNITED CHURCH OF CHRIST PRESIDENT URGES SENATE COMMITTEE

WASHINGTON, DC, MAY 19: In congressional testimony today, the president of the 1.7 million member United Church of Christ urged Congress to enact comprehensive economic sanctions against South Africa, citing "evidence of a clear consensus" in Southern Africa for the action.

Urging passage of the Dellums Kennedy bill (S2378) in his testimony before the Senate Foreign Relations Committee, the Rev. Dr. Avery D. Post, who had led a 22-member United Church delegation to Southern Africa in April, told of discussions with church and government leaders in Angola, Zambia, Zimbabwe and Botswana.

The South African government had refused the United Church members visas, but they had talked nonetheless with a dozen South African members of the United Congregational Church of Southern Africa who made a special trip across the border.

"Our discussions gave evidence of a clear consensus among church and government leaders in the Frontline states, as well as among the leaders of the United Congregational Church of Southern Africa, that the kid-glove policy of the Reagan Administration toward Southern Africa has been misguided and counter-productive," Dr. Post said.

"We repeatedly heard the conviction that U.S. policies in relation to Southern Africa are among the strongest of all factors in determining the political and economic health of the region," he said. He also noted that the

(OVER)

United Congregational Church of Southern Africa "sees sanctions as one of the most effective non-violent means of bringing the South African government to its senses."

"While the churches are mobilizing to make their non-violent witness more effective, more militant South Africans, and particularly young South Africans, are seeking bloody alternatives," Dr. Post said. "Tragically, the South African government, with the tacit support of the U.S. government, is unwittingly reinforcing that trend by its resistance to change."

The United Church of Christ, with more than 6,000 congregations in the United States and Puerto Rico, is a 1957 union of the Congregational Christian Churches and the Evangelical and Reformed Church.

# # #

MAY 1988

June 22, 1988

Senator Claiborne Pell
335 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Pell:

We are writing out of a deep sense of anguish over the tremendous human suffering which has taken place in South Africa and much of Southern Africa as a result of the racial policies of the Pretoria government.

We believe that apartheid, as an ideology based on the concept of racial superiority, is an affront to the God of justice and love whom we proclaim. We believe that apartheid is morally wrong.

As people of faith, we have wrestled with the issue of how to respond to the situation in South Africa. We have asked ourselves: What does God call us to do?

Our brothers and sisters of faith in South Africa--those who have endured the pain of apartheid and who have earnestly sought to keep the struggle against apartheid nonviolent--have asked for our assistance in their effort. They have asked for our prayers and our action.

Specifically, they have implored us to urge our nation to sever economic ties with a system which they and we believe to be inherently evil. We cannot, in good conscience, ignore their pleas. We, therefore, feel moved to endorse their call for comprehensive economic sanctions against South Africa.

We respectfully request that you, in your deliberations on South Africa, give serious and conscientious consideration to our position on this matter.

With thanks and deep appreciation,

H. Daehler Hayes

Rev. Dr. H. Daehler Hayes,
Conference Minister
Rhode Island Conference, United
Church of Christ

Rt. Rev. George N. Hunt, Bishop
The Episcopal Diocese of Rhode
Island

Donald H. Crosby

Rev. Donald H. Crosby, Executive
Minister
American Baptist Churches of
Rhode Island

+ Louis E. Gelineau

The Most Rev. Louis E. Gelineau,
Bishop
Roman Catholic Diocese of Providence

+ Kenneth A. Angell

The Most Rev. Kenneth A. Angell,
Auxiliary Bishop
Roman Catholic Diocese of Providence

Richard C. Brown

Rev. Dr. Richard C. Brown,
Executive Minister
Rhode Island State Council of Churches

and by telephone:

Rev. Timothy Ferguson, Representative
Council of Orthodox Churches of Rhode Island

Rev. David Hackmann, Synodical Representative/Area Coordinator
The Lutheran Church in America

Rev. James Lockhart, Representative
Presbyterian Church (USA), Synod of the Northeast

Rabbi George J. Astrachan, President
The Rhode Island Board of Rabbis

Rev. Roy L. Fralin, District Superintendent
The United Methodist Church, RISEM District

The Rhode Island Peace Mission
734 Hope Street
Providence, Rhode Island 02906
(401) 421-5633

June 15, 1988

RESOLUTION ON SOUTH AFRICA CALLING FOR STRONG FEDERAL SANCTIONS.

Whereas,apartheid is constitutionally enshrined racism extending into every area of Black South African life, denying the Black majority access to the political process in their own country;

Whereas,the white minority government has shown itself capable of the most extreme brutality against any and every attempt of the Black majority to move the country away from apartheid and toward a unitary state with a free democratic government;

Whereas, the South African government has just renewed martial law for another year, under which civil liberties have been suppressed and thousands of people, including children as young as seven, have been thrown into prison, often beaten and whipped and given electric shock;

Whereas,South Africa's top religious leaders have been arrested for attemption to deliver a petition to Parliament protesting restrictions on anti-apartheid groups and leaders;

Whereas,the U.S. Nuclear Regulatory Commission has licensed the importation of uranium from South Africa to be enriched and re-exported to South Africa, a process necessary for the production of nuclear weapons;

Whereas, the South African government invades neighboring states, such as Botswana, and gives military support to brutal insurgent bands in Mozambique and Angola;

Whereas, South Africa illegally occupies Namibia, subjecting the Namibian people to apartheid;

Therefore, be it RESOLVED that we, the members of the Rhode Island Peace Mission, call on the U.S.government to impose comprehensive, mandatory economic sanctions on South Africa, including a total trade embargo and the complete withdrawal of all U.S. corporations from South Africa and a severing of all licensing and franchise arrangements; and

That we call especially on our Congressional Representatives to work vigorously to ensure passage of the Dellums bill (HR 1580); and that we call, write, or visit Senators Pell and Chafee to make clear our emphatic support of the Kennedy bill (S2378),which bills will cut off the oil, high technology and foreign exchange on which the South African government depends for its survival.

Be it further RESOLVED that we call on the U.S. government

To stop the U.S. re-exportation to South Africa of enriched uranium,

Common Cause; American Friends Service Committee; Peace Task Force, R.I. Conference, UCC; Diocesan Peace Initiative Committee, Episcopal Diocese; Physicians for Social Responsibility; Mobilization for Survival; League of Women Voters; Community Affairs Office, Catholic Church, Providence Diocese; Women For A Non-Nuclear Future; Chaplain's Office, Brown University; Baptist Peacemakers of Rhode Island; Brown Group on Nuclear Responsibility; World Affairs Survival Committee, First Unitarian Church; Lawyers Alliance For Nuclear Arms Control; Peace & Justice Office, Sisters of Mercy; Social Justice Committee, Genesis Community; Peace and Social Concerns Committee, Religious Society of Friends; Priests for Justice; Central Congregational Church; South County Freeze Group; R.I. State Council of Churches; R.I. Committee for Health Rights in Central America; S.T.A.N.D.; STOP; Moses Brown Anti-Nuclear Group

R.I.DIVEST

A Statewide Coalition for a Free South Africa

246 Prairie Avenue • Providence, Rhode Island 02905
Telephone 401-351-5000

FOR IMMEDIATE RELEASE
June 13, 1988

Contact: Joseph Newsome
401-941-0231

PRESS RELEASE

One June 16, 1976, South African police massacred over 700 innocent protesters in the Black township of Soweto. Most of the victims were school children, many as young as nine years old. Twelve years later the repression continues and the United States is still providing significant financial and diplomatic support for apartheid.

June 16, 1988 marks the 12th anniversary of the Soweto massacre of school children. As part of a national grass-roots effort, Rhode Island Divest will hold a news conference to recognize this tragic event and to highlight current Congressional efforts to pass comprehensive economic sanctions against South Africa.

The news conference is scheduled for Thursday, June 16, 1988 at 10 a.m. in the conference room of the Urban League of Rhode Island at 246 Prairie Avenue.

Representatives from a broad base of civil rights groups, labor unions, the RI State Legislature, cultural associations, youth organizations and clergy will be present to express their support for the work of RI Divest, the passage of HR 1580/S 2378 which will cut the economic ties that make apartheid profitable, and to protest continued U.S. support for apartheid repression.

A representative of the African National Congress (ANC) will also be present to give us first hand knowledge of the position of the ANC on sanctions.

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DIOCESE OF PROVIDENCE
One Cathedral Square
Providence, Rhode Island 02903
401-278-4548

OFFICE OF
THE BISHOP

June 9, 1988

Dear Brothers and Sisters in the Lord:

In the Spring of 1985 I issued a policy statement regarding South Africa's apartheid government and appropriate responses to it. At that time I stated "we will continue to study and monitor this matter...it is a deeply human issue that affects the lives of our brothers and sisters."

Since that statement, the situation has worsened drastically: the declared state of emergency; the closing down of the opposition press, including the Catholic newspaper New Nation; the imprisonment of children; and the arrest of church leaders who sought only to petition the South African parliament regarding its apartheid policy.

Earlier this year the Diocese divested from South Africa in response to a joint study issued by the Administrative Board of the United States Catholic Conference and the South African Catholic Bishops' Conference (SACBC) which concluded that no progress has been made toward the dismantling of the racist apartheid policy of the South African government.

On March 12, 1988, eight South African bishops, including the Acting President of SACBC, Bishop Orsmond of Johannesburg, issued a pastoral letter that states:

> "We call on the State to lift all these restrictions, to return to the rule of law and to abolish apartheid and its evils. It should be clear by now to all who value human dignity that apartheid destroys human dignity, cruelly divides communities and for that reason has been judged immoral and inhuman by the international community. We also call on the State to give every citizen of this country their God-given rights so that they may develop as true children of God."

Further, Pope John Paul recently stated that "The whole Church community must mobilize in a non-violent struggle to dismantle South Africa's racial discrimination system."

the cathedral of st. john
271 north main street
providence, rhode island 02903

episcopal
church

Senator Claiborne Pell
Senate Office Building
Washington, D.C.

Dear Senator Pell,

I would like to personally ask you to support Senate Bill S-2378.

As you may or may not know, the Executive Council of the Episcopal Church at its May Meeting voted to support sanctions againt South Africa and to inform the government of its decision.

I believe there is a growing National Concensus regarding the moral outrage of what continues as social and governmental policy in South Africa.
I hope you will see fit to lend your name to this growing concensus.

Sincerely in Christ,

The Very Rev. Richard O. Singleton, Dean

June 21, 1988

AMALGAMATED CLOTHING AND TEXTILE WORKERS UNION
340 Lockwood Street
Providence, Rhode Island 02907

PRESS RELEASE

The Amalgamated Clothing and Textile Workers Union supports the Comprehensive Sanctions against the South African Regime proposed in HR-1580 and S-2378.

As the restrictions and oppressive measures have increased on the Congress of South African Trade Unions, it is all the more apparent that the mild sanctions, under the euphemism of "constructive engagement" have failed.

We are convinced that the strong sanctions in these 2 bills are essential in hastening an end to the barbaric and racist government of South Africa.

Amalgamated Clothing and Textile Workers Union supports passage of these 2 bills without weakening amendments being added.

Reno P. Salvatini ACTWU
Ms Doris A Brown ACTWU

June 16, 1988

THE EPISCOPAL CHURCH CENTER
815 SECOND AVENUE NEW YORK, NEW YORK 10017
Telephone: (212) 867-8400
Cable Address: FENALONG, N.Y
Telex: 971271 DOM FOR MIS NYK

SOUTH AFRICA SANCTIONS RESOLUTION

The following is a Resolution adopted by The Executive Council of The Episcopal Church at its meeting at the Howard Johnson Lodge and Convention Center in Rapid City, South Dakota, May 17-20, 1988, at which a quorum was present and voting:

Resolved, That the Executive Council in its call for diplomatic sanctions suggests that these be applied in steps beginning with the closing of South African consulates in the United States, including honorary consulates, and the gradual reduction of South African embassy staff in Washington, DC; and be it further

Resolved, That the Executive Council support comprehensive economic sanctions by the United States, including, but not limited to the following:

1) a total trade embargo against South Africa, including the removal of U.S. reliance on South African minerals;

2) complete withdrawal of all U.S. corporations doing business in South Africa, including the export of petroleum products or nuclear materials;

3) study measures to reduce S.A.'s foreign exchange earnings from gold;

4) prohibiting any military and intelligence cooperation between the U.S. and South Africa;

5) that all products sold by the U. S. government or U.S. corporations to any third party be done so with the stipulation that such products may not then be sold to South Africa;

and be it further

Resolved, That the United States use its diplomatic persuasion to encourage other countries, especially Great Britain, France, West Germany, Japan, Israel, Taiwan and South Korea, to implement their own economic sanctions against South Africa, and not to take advantage of U.S. sanctions; and be it further

Resolved, That comprehensive diplomatic and economic sanctions be maintained and only increased or decreased in proportion to progress made in the abolishment of apartheid and the establishment of majority rule in South Africa and independence for Namibia under U. N. resolution 435; and be it further

Statement of Priests for Justice
June 16, 1988
Rhode Island Divest News Conference

Priests for Justice of the Diocese of Providence support the call of the South African Catholic Bishops' Conference to dismantle the racist apartheid policy of the South African government. In the meantime, we support the position of the Administrative Board of the United States Catholic Conference for comprehensive sanctions against the South Africa government as the most effective way to lead to justice without violence.

R.I. MOBILIZATION FOR SURVIVAL
P.O. Box 2534, Providence, R.I. 02906

June 21, 1988

The Senate Foreign Relations Committee
Attention: Senator Claiborne Pell, Chairman
United States Senate
Washington, DC 20510

Dear Senator Pell, and Members of the Committee:

The Rhode Island Mobilization for Survival is unconditionally opposed to apartheid and all of its evil consequences, and urges the U.S. Congress to pass the current Cranston-Kennedy legislation providing mandatory, comprehensive, economic sanctions against the government of South Africa.

We believe that most Americans regard apartheid as a moral issue which sets South Africa apart from other nations and which we can no longer disregard. It is unthinkable that we Americans should maintain a policy of business as usual and allow U.S. corporations to continue making profits in a country operating under the institution of apartheid. It is clear that the partial sanctions passed in 1986 are ineffective; the situation calls for much stronger and more decisive action by the U.S. Government.

We recognize that this legislation may deprive black people of South Africa, the very group we are trying to help, of much needed employment opportunities with American companies that must close out. We regret this, as we know you do. But we understand from spokesmen for those oppressed people, and most notably from Archbishop Desmund Tutu, that they would prefer the hopefully short-term effects of sanctions to the indefinite oppression of apartheid.

We feel that our organization speaks for many citizens of Rhode Island in urging the U.S. Congress to pass the Cranston-Kennedy sanctions bill without crippling amendments. We feel that it is the morally right position to take at this time.

R.I. MOBILIZATION FOR SURVIVAL
William Barbour
William E. Barbour
George Schietinger
Carol Hanley
Karen Luther
William E. Smith III

TESTIMONY

Senate Foreign Relations Committee

June 24, 1988

S2378 - Comprehensive Economic Sanctions Against South Africa

The Theta Psi Omega Chapter of the Alpha Kappa Alpha Sorority, Inc. located in Providence, Rhode Island fully supports Senate 2378 which would create comprehensive economic sanctions against South Africa.

Our Sorority represents nationally and internationally over 100,000 Black college educated professional women. We believe our brothers and sisters in the Southern African continent have the will to struggle against apartheid and that the passage and subsequent enforcement of Senate 2378 will strengthen their resolve. The South African government's policies are our affront to human nature and the genocide perpertrated by this regime unlawful and immoral.

We call upon the Senate Foreign Relations Committee to swiftly pass this legislation. We call upon the United States as a free democracy upholding the virtues of equal rights and equal protections of Americans to stand against the cruelty of the South African government, that this government be acknowledged for what it is - our agressor which knowingly and premeditatively slaughters thousands of children, adolescents, men, women and the elderly in its outrageous conduct to maintain the "South African way of life".

Most importantly, we call upon Senator Claiborne Pell, as Chairperson of the Senate Foreign Relations Committee to provide the leadership necessary for the passage of S2378. We can no longer afford constructive engagement as an American policy; we can no longer as an American public stand by and watch the brutal oppression of Black South Africans.

The Alpha Kappa Alphe Sorority has full confidence that you as members of this distinguished committee will make the correct moral choice.

Thank you.

Gladys Thomas

Gladys Thomas
Coordinator with
Alpha Kappa Aplpha Connectio

HENRIETTA P. BORGE/R.I. CHAPTER
Association of Black Social Workers
POST OFFICE BOX 23122, WEYBOSSET HILL STATION • PROVIDENCE, RI 02903

RI DIVEST PRESS CONFERENCE
JUNE 16, 1988
URBAN LEAGUE OF RI

The Henrietta P. Borge/RI Chapter Association of Black Social Workers strongly supports S2378 demanding comprehensive and mandatory economic sanctions against South Africa. The Association adopts the concept of a black extended family and embrace all black people as our brothers and sisters making no distinction between the destiny of the black South African and that of our own. Therefore, the South African issue is a critical concern for the association. We have concluded that "constructive engagement" has not worked. The Anti-Apartheid Act, imposed by congress in 1986, approving limited sanctions has not been successful. We are opposed to any U. S. business and government support to South Africa. Such support enables S. A. to maintain its inhumane and racist system of apartheid. Strong measures-total divestment and comprehensive sanctions-are needed in order to end the war the S. A government is waging against the black citizens that it has denounced.

During 1988 the S. A. government has continued its brutal oppression of school children,community groups and human rights organizations that peacefully oppose apartheid. We will not sit silently while our black brothers and sisters and our (black Children) are being imprisoned and tortured. As we commemorate the deaths of 1000 children gunned down by the S. A. government in the street of Soweto in 1976 we are mindful that little has changed. This year hundreds of black children have been detained without an official charge. In South Africa malnutrition, infant mortality and an inferior education are facts of life for thousand of black children.

In 1985 RI Partially divested its pension fund. It is crucial to take the next steps toward total divestment and to also establish comprehensive economic sanctions. We believe these are the most effective actions available if South Africa is to move toward a democratic, non-racial government based on "one person, one vote."

"The roots of racial prejudice lie deep within us, and in seeking a solution to the evil results of racial tensions we need to search our own hearts. Our belief in the significance of every individual in the sight of God and his need for an abundant life can guide us even when we shrink before the vastness of the problem."

London Y.M. Proceedings, 1952, min. 41, pp. 233-4

The violence in Southern Africa is still increasing. Arrests, beatings and killings by the South African Government continue, even as members of the oppressed black communities turn on one another in their rage and frustation. South Africa-sponsored violence in Mozambique, Angola and Namibia is threatening to literally tear those countries apart, as thousands of innocent people die at the hands of army and rebel soldiers, even as they face famine situations created by political and military terrorism in the countryside.

Many people, including Anglican Bishop Desmond Tutu, see strong economic sanctions against the government of South Africa as the last alternative to an unimaginably violent and bloody revolution in that country. Already, blacks there are suffering terrible political and economic injustices; the hardships that sanctions would impose on them, as some people have argued, cannot possibly outweigh the benefits of a swift, non-violent solution to South Africa's agony.

Therefore, the Committee for Peace and Social Concerns proposes that our meeting adopt the following minute, to be recorded in our annals as well as to be read at the Rhode Island Divest's press conference this Thursday, June 16 at the Urban League in Providence.

"The Providence Monthly Meeting of Friends, in accordance with Quakers' long-standing abhorrence toward any form of violence, in conjunction with frequent testimonies to the equality of all people, hereby calls for the U.S. government to impose immediate, mandatory comprehensive economic sanctions against the government of South Africa. We do so in the belief that our duty as Christians is to use every non-violent means in our possession to end oppression, and especially to prevent an escalation of violence."

SANE/FREEZE OF RHODE ISLAND

June 22, 1988

Senate Foreign Relations Committee
c/o The Honorable Claiborne Pell, Chairman
The United States Senate
335 Russell Building
Washington, DC 20510

Dear Senator Pell:

The Cranston-Kennedy Bill S-2378 calls for the United States to invoke immediate comprehensive and mandatory trade sanctions against the Government of South Africa because of the despicable principle of apartheid which it practices. We urgently request that you cast your vote in the affirmative when this Bill comes to the floor on Thursday. We ask this for two reasons. One is because a man of the knowledge and stature of The Most Reverend Desmond Tutu, Archbishop of Capetown, has declared that sanctions do have an effect on the thinking and economy of the government of Prime Minister Botha. The other is that the government and people of the United States must take a clear position of opposition to the inhuman and cruel principles and practices of apartheid simply because they are inhuman and cruel and contrary to all to which we as United States citizens subscribe.

Sincerely,

The Reverend Canon
Theodore F. Jones
for SANE/FREEZE
of Rhode Island
275 North Main Street
Providence, RI 02903

TFJ/jsg

Women for a Non-Nuclear Future
734 Hope St
Providence, RI 02906
751-5166

Resolution on South Africa

As women from throughout Rhode Island and southeastern New England, we are deeply troubled by the situation in South Africa. As individuals and as an organization, we affirm the equality, dignity and humanity of all people and their right to live in peace and freedom. The present system of apartheid in South Africa categorically denies those freedoms and equality to black South Africans.

We are particularly appalled at the brutality of apartheid. As women, we are outraged that any government could so fear its people's quest for dignity and equality that it would even imprison and torture its own children, some as young as seven, as has the South African government.

As an organization, we are committed to ending the threat of nuclear war through disarmament. We are concerned at the proliferation of nuclear weapons capable countries. In light of that concern, we are especially distressed that the United States Nuclear Regulatory Commission has licensed the importation of uranium from South Africa to be enriched in the United States and re-exported to South Africa. By participating in this process, the United States continues to provide that country with the weapons-grade uranium it needs to continue its nuclear weapons program.

We are committed to feminist peacemaking - the willingness to redefine power and leadership as inclusive rather than exclusive, an awareness of the interconnectedness of all things, and the ability to nurture and affirm one another. Each of us has the responsibility to take action – no matter how small – to bring about a resolution of these problems. Therefore, as Women for a Non-Nuclear Future, we call upon the South African government to put an immediate end to apartheid and for the U.S. government to do all that it can – within legal, non-violent means – to bring full equality and democratic freedoms to the non-white peoples of South Africa.

Resolution passed by the Steering Committee of Women for a Non-Nuclear Future; June 9, 1988.

Rhode Island Council 94

AFSCME - AFL - CIO

1179 Charles Street, North Providence, R.I. 02904
(401) — 724-5900   421-9383

June 16, 1988

FOR IMMEDIATE RELEASE

R. I. Council 94, AFSCME, AFL-CIO, the largest Labor Union in Rhode Island, reaffirms its longstanding opposition to the racist South African regime.

In a country where there is no free speech, no free press and no free Trade Unions, members and activists of Labor Unions in particular suffer from repression, imprisonment and execution.

Council 94 stands in solidarity with our Brother and Sister Trade Unionists in South Africa in opposing its racist and repressionist government.

The Executive Board, at its June 14, 1988 meeting, unanimously passed a resolution to support passage of S2378 and HR1580.

Council 94 urges passage of Senate 2378 as introduced by Senator Kennedy and House 1580 as introduced by Representative Dellums.

R. I. COUNCIL 94, AFSCME, AFL-CIO

J. Thomas Chellel

J. Thomas Chellel
President

-30-

AFSCME®
in the public service

American Federation of State, County and Municipal Employees

Local Union Name R.I. COLLEGE RANK & FILE No. 2878
President ~~Secretary~~: NORMAN HARROD
Address: R. I. College Dining Services
(Street)
Providence, R.I. 02908
(City, Zone and State)

Date: June 16, 1988

FOR IMMEDIATE RELEASE

Local 2878, R. I. College Dining and Maintenance Workers of Council 94, condemns the criminal government in South Africa.

South Africa is a totally undemocratic terrorist country where there are virtually no human rights for more than 80% of its population.

Our Union supports the strong sanctions proposed in Senate Bill 2378 and House Bill 1580.

LOCAL 2878, AFSCME, AFL-CIO

Norman E Harrod Jr

Norman Harrod
President

-30-

[illegible] ON SOUTH AFRICA CALLING FOR STRONG FEDERAL SANCTIONS

WHEREAS, apartheid is constitutionally enshrined racism extending into every area of Black South African life, and denying the Black majority access to the political process in their own country; and

WHEREAS, the white minority government has shown itself capable of the most extreme brutality against any and every attempt of the Black majority to move the country away from apartheid and towards a unitary state based on one-person-one-vote; and

WHEREAS, on February 24, 1988 the government of South Africa, in an attempt to crush any resistance to this brutality, effectively outlawed 17 of the leading organizations engaged in nonviolent opposition to apartheid by imposing restrictions which prohibit them from "carrying on or performing any activities or acts whatsoever"; and

WHEREAS, on Monday, February 29, 1988, Archbishop Desmond Tutu and 24 other religious leaders were arrested and detained by the police when they attempted to protest the government's action; and

WHEREAS, South Africa illegally occupies Namibia, maintaining one South African soldier for every ten Namibians, and is subjecting the Namibian people to the crime of apartheid;

THEREFORE BE IT RESOLVED that we, the American Baptist Churches of Rhode Island, called on the Legislative and Executive Branches of government to impose comprehensive, mandatory economic sanctions on South Africa, including a total trade embargo and the complete withdrawal of all U.S. corporations from South Africa and a severing of all licensing and franchise arrangements; and be it further

RESOLVED, that pending the accomplishment of the above we support the passage of stronger divestment measures by the Rhode Island General Assembly, and encourage private institutions such as Brown University and the American Baptist Churches in Rhode Island to adopt a total divestment policy; and be it further

RESOLVED, that we call especially on the congressional delegation from our state to co-sponsor and vigorously work to ensure the passage of HR1580/S556, the Dellums/Cranston sanctions bill, which will cut off the oil, high technology and foreign exchange on which the South African government depends for its survival.

Submitted by,

The Investment Committee
BUSINESS AND FINANCE COMMISSION
American Baptist Churches of Rhode Island

Note: Copies of this resolution will be sent to all State representatives and senators, to the RI Congressional Delegation and to the President of the United States.

NASW

National Association of Social Workers Inc.
Rhode Island Chapter
H. C. Hall South, Butler Hospital
345 Blackstone Boulevard
Providence, RI 02906-4861
(401) 351-4340

Resolution passed by:
Board of Directors
National Association of Social Workers
RI Chapter

June 10, 1988

Whereas, apartheid is constitutionally enshrined racism extending into every area of Black South African life, and denying the Black majority access to the political process in their own country;

Whereas, the white minority government has shown itself capable of the most exterme brutality against any and every attempt of the Black majority to move the country away from apartheid and towards a unitary state based on one-person-one-vote;

Whereas, On February 24, 1988 the government of South Africa,, in an attempt to crush any resistance to this brutality, effectively outlawed 17 of the leading organizations engaged in nonviolent opposition to apartheid by imposing restrictions which prohibit them from "carrying on or performing any activities or acts whatsoever";

Whereas, South African illegally occupies Namibia, maintaing one South Africian soldier for every ten Namibians, and is subjecting the Namibian people to the crime of aparthied;

Therefore, be it RESOLVED that we, the Rhode Island Chapter of the National Association of Social Workers, call on the U.S government to impose comprehensive, mandatory economic sanctions on South Africia, including a total embargo and the complete withdrawal of all U.S. corporations from South Africia and a servering of all licensing and franchise arrangements;

RESOLVED, that we support the passage of stronger divestment measures by the Rhode Island General Assembly, and encourage private institutions adopt a total divestment policy;

RESOLVED, that we call especially on the congressional delegation from our state to co - sponsor and vigorously work to ensure the passage of HR 1580/S2378, which will cut off the oil, high technology and foreign exchange on which the South African governmnet depends for its survival..

RESOLUTION ON FULL DIVESTMENT FROM SOUTH AFRICA

WHEREAS we are called to accept the costs and the joy of Christian discipleship, and we are called at this moment in history to take concrete action against all forms of human evil and injustice, and in particular, against racist apartheid in South Africa; and

WHEREAS we believe it is a sin to directly or indirectly support the present regime in South Africa by investing in businesses which do business with South Africa; and

WHEREAS we are now called by God through Jesus Christ, the Word of Life, to withdraw the resources of the Church from direct and indirect support of apartheid:

BE IT THEREFORE RESOLVED that the delegates of the churches of the Rhode Island Conference of the United Church of Christ in Autumnal Meeting assembled hereby:

1. Call upon the trustees of the Rhode Island Conference Consolidated Investment Fund to begin immediately the process of divestment, and to complete divestment by the time of the 1987 Annual Meeting of the Conference; and

2. Urges all congregations and members of the Conference to begin divestment, seeking this action to be completed by the time of the 1987 Annual Meeting; and

3. Asks for a full report from the trustees of the Consolidated Investment Fund to be made at the 1987 meeting; and

4. Requests the sharing of the actions of congregations and members of the Conference at their discretion; and

5. Calls for the members, congregations, and agencies of the Conference to support state and municipal legislation limiting investment and business relations with corporations with direct investments in South Africa and with financial institutions making loans to the public sector or strategic loans to the private sector in South Africa.

PREPARED STATEMENT OF
WILLIAM G. BEATTIE, PRESIDENT
STRATEGIC MINERALS CORPORATION, DANBURY, CONNECTICUT
BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE HEARINGS
ON S.2378
THE ANTI-APARTHEID ACT AMENDMENTS OF 1988
JUNE 24, 1988

Good morning, Mr. Chairman. I thank the Committee for this opportunity to appear today on an issue vital to our country, my company and our employees. This is my written statement for the record.

I am William G. Beattie, President of Strategic Minerals Corporation, a major U.S. producer of vanadium and tungsten. For the last 30 years I have held various corporate positions in the strategic minerals industry. For the past 15 years I have been involved with chromium and vanadium operations in the Republic of South Africa during which time I lived in South Africa for six years (1974-80), finally serving as Regional Director, Union Carbide Corporation.

To me, apartheid is morally unacceptable and I believe our company's record as a Signatory Company has demonstrated our rejection of and opposition to any form of racial discrimination. Based on my personal experience in South Africa, (building new facilities and expanding job opportunities during the 1970's), apartheid is highly vulnerable to economic weapons, such as jobs, training and economic growth. The economic empowerment of the black population through jobs and training is the uniquely moral and effective role that the U.S. can play in fighting apartheid.

The focus of my remarks today will be:

- The crippling effect S2378 will have on the supply of strategic minerals to the United States. (The U.S. is dependent on imports for many strategic minerals as outlined in chart number one)
- My observations on the rejection of disinvestment by South African blacks in favor of economic empowerment.

Crippling Effect Of S2378

First, let me present three reasons why S2378 will cripple the U.S. strategic mineral supply position causing major economic damage to our economy. It is generally recognized that the United States needs South African minerals. We simply have no other viable supply choice when it comes to minerals and metals such as platinum, chromium and vanadium except in some cases the Soviet Union and its satellites. (See charts two and three) Section 302 (b) of S2379 reflects this dependency and provides for a strategic minerals exemption to the ban of imports from South Africa but only if "the President certifies to the Congress that the quantities of such mineral are essential for the economy or defense of the U.S. are not available from alternate reliable suppliers and that such needs cannot be met in a timely manner by improved manufacturing processes, conservation, recycling and economical substitution". In other words, we'll buy from S.A. only as a last resort, only when the then current President certifies it to be necessary and only until a substitute is found. The reaction of the S.A. producer to these conditional terms has already been to begin shifting their marketing efforts and supply commitments so as to concentrate on the Far East and Europe. In the long run, if S2378 becomes law, the U.S. will become a non-strategic, opportunistic market for South Africa resulting in mineral shortages, higher prices, plant shutdowns and uncompetitive U.S. costs of production.

Second, the disinvestment provisions of Section 301 of S2378 will require companies such as Stratcor to withdraw and sever our links to South Africa. This eliminates the only good insurance against the type of market shift away from the U.S. which I just described. For example, our company will increase vanadium imports into the U.S. from South Africa in 1988 in response to severe shortages in this country. Without our investment/ownership role, we shall lose this important leverage on S.A. supplies as will other U.S. companies in other strategic fields.

Third, I believe that there is a strong possibility that the South African government may impose retaliatory sanctions if S2378 becomes law. Strategic mineral exports to the U.S. of chromium, manganese and vanadium represent less than 1% of the value of worldwide South African exports. They are also currently in very tight supply. Thus the South African government can counter the U.S. action with retaliatory trade sanctions without risking the loss of significant export proceeds.

Retaliatory sanctions are currently opposed by the South African government, because South Africa has consistently opposed the political concept of trade sanctions. In addition, its exporters have earned a unique worldwide reputation for reliability during good and bad times. Realistically, however, it is difficult to picture the besieged Nationalist Party meekly accepting the sanctions of S2378 without taking retaliatory action. Dr. Andries Treurnicht, the leader of the C.P., has already indicated on April 17 how he believes the game should be played:

> "Boycotts are a double-edged sword. The C.P. does not accept the principle of selective sanctions. If the United States wants South African chrome, the C.P. will not sit back and allow the U.S. to dictate the terms."

Regrettably, retaliatory sanctions will have at least as much political appeal in South Africa for the C.P. prior to the South African municipal elections in October as S2378 will have on our domestic political scene prior to our November elections.

The U.S. Bureau of Mines has recognized the threat of retaliation and estimated the cost of a South African mineral embargo to the U.S. economy can be capped at $1.85 billion per year. This cap is only realistic if we can persuade our allies in Europe and Far East to maximize their imports from South Africa, so they can export non-S.A. origin minerals to the

U.S. This hypothesis ignores the fact that our President as required by the S2378, is working to implement uniform worldwide sanctions and is "directing other industrialized countries to adopt similar sanctions" prohibiting imports from South Africa.

Economic Development Needed

During my last visit to South Africa in April -- my fifth visit since sanctions were introduced -- it was obvious that South African blacks in the townships strongly oppose sanctions. They feel the U.S. effort -- while good intentioned -- would create a tremendous economic hardship for the very people that it is designed to help. This opposition has been confirmed by various independent surveys conducted by authoritative polling services during 1986 and 1987. The poll results, detailed in chart four, clearly indicate that 70 to 75% of South African blacks oppose disinvestment.

Most knowledgeable observers have concluded that the U.S. sanctions legislation of 1986 only served to reduce U.S. influence on the South African government while producing thousands of unemployed blacks throughout South Africa. No serious observer believes S2378 will force the South African government to banish apartheid. In fact, many supporters of the HR 1580 and S2378, see it as the first step in a "scorched-earth" policy to disrupt and destroy the economy so that a violent revolution will take place.

I believe that our country must totally reject "scorched-earth" solutions. The tragedy of Beirut with its on-going violence and chaos must not be transferred to South Africa. We do, however, have an obligation to help the victims of apartheid while protecting our country's strategic interests. We should do what we Americans do best -- provide economic development that will empower South African blacks to destroy apartheid through their economic strength.

Dollars and Help for Blacks

We therefore need a Congressional Economic Empowerment Act of significant magnitude to help black South Africans achieve economic strength without further violence. If we have been willing to consider a sanctions bill with a potential strategic mineral cost of $1.85 billion per year, we can certainly afford an Empowerment Act that would provide focused economic support for black South Africans. Such a bill would provide know-how as well as money for education, housing and black private enterprise.

U.S. business would be asked to play a role and should do so with enthusiasm. Black South Africans would receive immediate benefits and would play key roles in the empowerment process.

During my April visit, I was taken on a tour of Mamelodi Township by the Get Ahead Foundation to view first hand the growth of the black entrepreneurial community. (The President of Get Ahead is Bishop Desmond Tutu.) We met "hawkers" selling produce on the streets, new shop owners and small business owners. The message from each was that "black empowerment" was coming and you better jump aboard.

It was recently estimated that blacks now command over 50% of the purchasing power in South Africa. Relaxation of key discriminatory laws against black business has provided new opportunities. Most importantly, there was a plea for support from the U.S., not sanctions.

In conclusion, I propose ~~that~~ all Americans concerned about the South African issue, all those truly committed to destroying apartheid, should listen to the escalating calls for support from South African blacks and:

- Respond to the overwhelming black South African opposition to disinvestment and reject S2378.
- Examine the hardship caused by the CAAA-86 and remove sanctions from black owned businesses, including missions, that export textile goods.
- Act on legislation which would unleash this country's great economic power in support of black empowerment in South Africa.

Let us forget about punishing the white government and focus on supporting the black population so that they can destroy apartheid via economic empowerment. At the same time, we'll be reinforcing our links with South Africa's critical strategic minerals.

Thank you, Mr. Chairman, for this opportunity to present my views on this vital yet emotional issue of South African sanctions.

ATTACHMENTS

Chart Number One: "Total U.S. Imports of Strategic Minerals"

Chart Number Two: "South Africa Mineral Reserves"

Chart Number Three: "U.S. Imports From South Africa"

Chart Number Four: "Survey of South African Blacks"

Stratcor in South Africa

Stratcor Bill of Rights

Strategic Uses of Vanadium

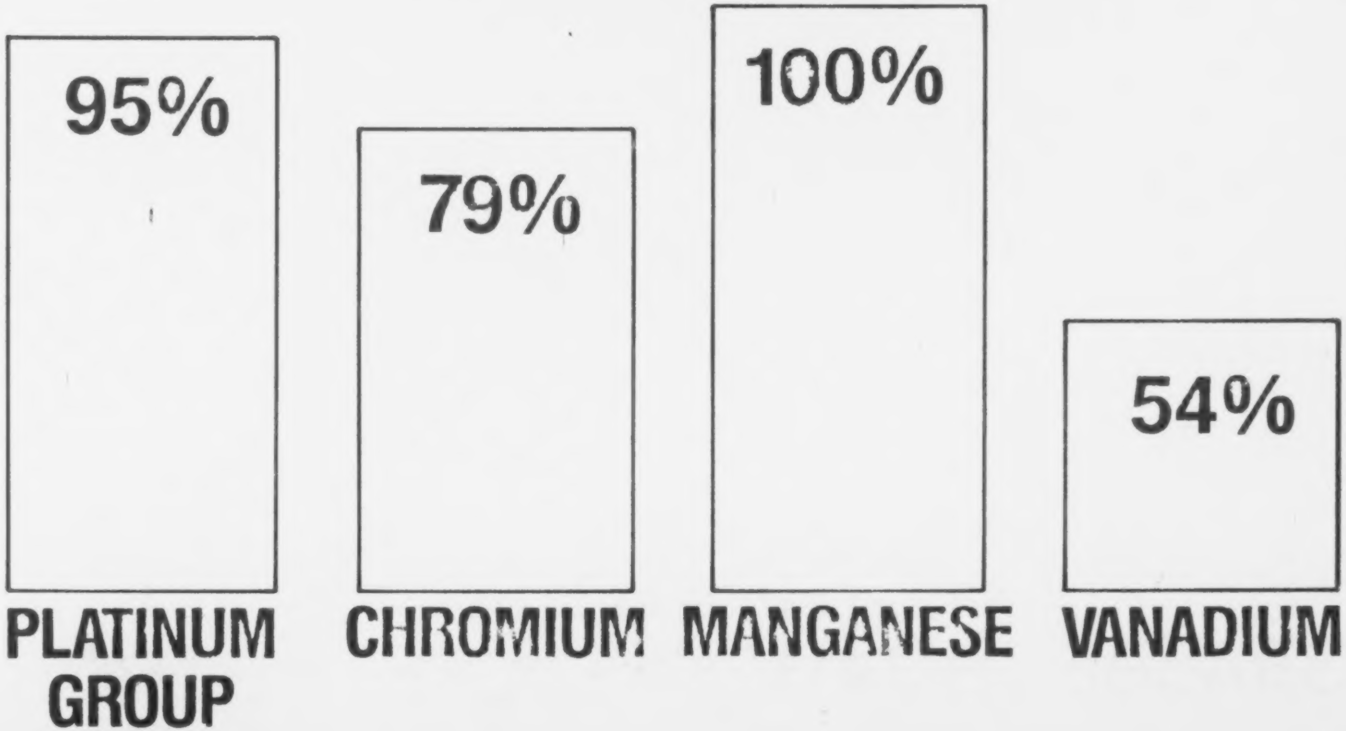
U.S. Dependence on the Republic of South Africa for Vanadium and U.S. Vanadium Sources.

Contacts:

Robert or Nicholas Pyle
P.O. Box 3731
Washington, D.C. 20007
(202) 333-8190

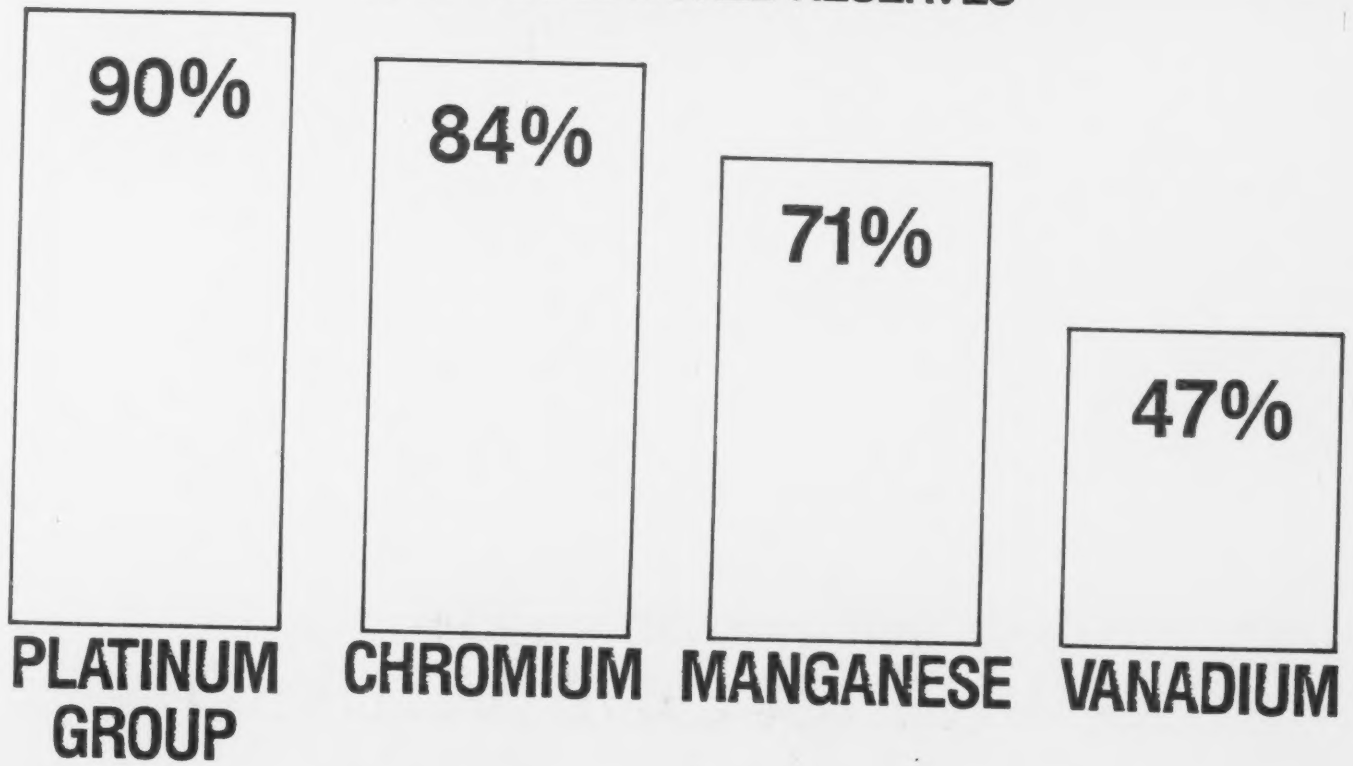
TOTAL U.S. IMPORTS OF STRATEGIC MINERALS

% OF U.S. CONSUMPTION



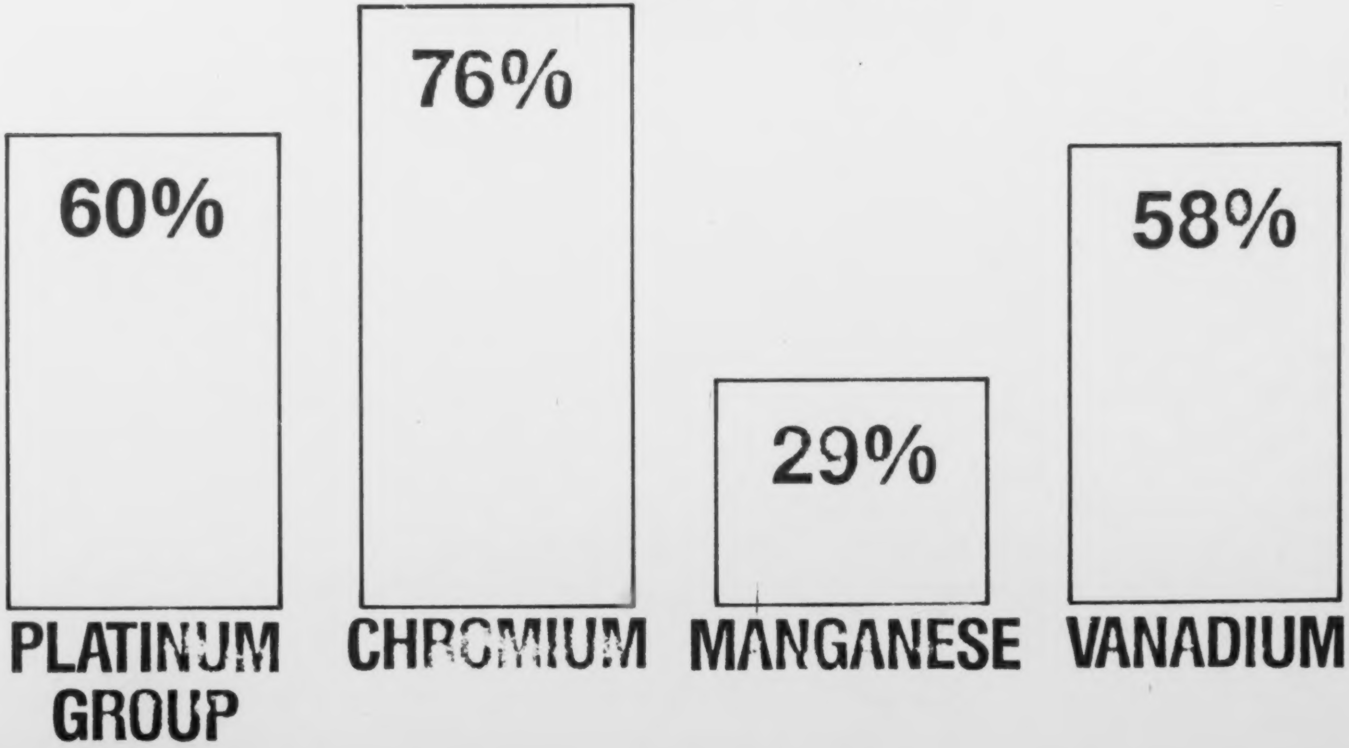
SOUTH AFRICA MINERAL RESERVES

% OF TOTAL WORLD RESERVES



U.S. IMPORTS FROM SOUTH AFRICA

% OF U.S. TOTAL IMPORTS



SURVEY OF SOUTH AFRICAN BLACKS

SOURCE: RACE RELATIONS NEWS

Publication Date	Sponsor	Sample	Anti Disinvestment/ Sanctions	Pro Disinvestment/ Sanctions
June 1984	Schlemmer	551	74%	26%
July 1984	HSRC	1,478	82%	10%
November 1984	Schlemmer	1,000	84%	14%
February 1985	HSRC	736	48%	18%
February 1985	HSRC	736	65%	30%
February 1985	Ster	459	51%	?
May 1985	HSRC	1,200	76%	16%
August 1985	London Times	400	?	77%
September 1985	CASE	800	75%*	24%
May 1986	HSRC	1,338	68%	?
May 1986	London Times	615	32%	29%
April 1987	Bureau of Information	4,500	79%	13%
October 1987	German Africa Foundation	1,004	70%	21%
October 1987	CASE	800	72%*	21%

*Includes conditional

STRATCOR IN SOUTH AFRICA

Strategic Minerals Corporation's (STRATCOR) Vametco Minerals Corporation subsidiary is located in Bophuthatswana, South Africa.

Vametco's mining and processing facilities operate as a vanadium producer for the U.S. and the free world. Presently, Vametco employs over 500 people (80% black). The 1986 annual payroll exceeded $6.0 million (US).

STRATCOR, a Sullivan signatory company, desegregated its entire South African facility in conjunction with a uniform salary and wage curve established in the late 1970's to eliminate wage discrimination based on race. The facility was then owned by Union Carbide Corporation.

STRATCOR pays employees a minimum wage equivalent to 140% of the minimum wage required to feed and house a family of five in South Africa at a minimum level. The average wage for black employees is approximately $400.00 per month, plus quarterly performance bonus, profit sharing, medical and pension benefits identical to those of white employees. Thirty percent of supervisory personnel are black and 50% of skilled employees are black.

- STRATCOR has assisted black employees to buy homes and, currently, 54% of our black employees own their own homes.
- STRATCOR provides significant scholarships to children of our employees each year.
- STRATCOR provides on-going support to 11 schools with an enrollment of 4500 students.
- STRATCOR regularly conducts human relations programs for white and black employees to facilitate attitude change.

STRATCOR's
Bill of Rights

1. All Stratcor people will be provided safe working places and health and safety instruction.

2. All Stratcor people will be treated with dignity and respect at all times—the Golden Rule will prevail.

3. All Stratcor people will be provided equal opportunities based on skill, experience and proven performance, regardless of race, sex, religion or age.

4. All Stratcor people will be paid a fair wage based on their responsibilities, knowledge, and job performance and will share in Stratcor's financial performance.

5. All new Stratcor people will receive induction training and meet senior location management upon employment with the company.

6. All qualified Stratcor people will be provided advancement opportunities in preference to outside hires.

7. All Stratcor people will be advised at least two times per year by their supervisor of their rated performance on the job.

8. All Stratcor people will have the right to appeal a termination notice to the senior location manager and the employee relations manager.

9. All Stratcor people will be kept advised of company performance and future plans on a regular basis.

10. All Stratcor people will be encouraged to participate in company activities and to constructively criticize where and when improvements can be achieved.

STRATCOR

STRATEGIC MINERALS CORPORATION
30 Main Street; Danbury, Connecticut 06810

STRATEGIC USES OF VANADIUM

Testimony presented by Deputy Assistant Secretary of Defense, James L. Woods, before the House Committee on Foreign Affairs' Subcommittees on Africa and International Trade and Economic Policy hearings March 22, 1988 detailed **vanadium as the third most important strategic material** exported to the United States from the Republic of South Africa.

- Vanadium is a critical alloying ingredient for steel providing high strength properties for alloy and tool steels. Eighty five percent of world vanadium output is consumed in steel making.

- Vanadium is a critical element in titanium alloys for the aircraft and aerospace industry including missiles and combat aircraft applications. Ten percent of world vanadium production is used in titanium alloys.

- The remaining five percent of vanadium production is utilized in the production of synthetic rubber and as a catalyst in the chemical industry.

- The National Defense Stockpile will only provide short-term relief from South African import restrictions. The stockpile contains only 3 million pounds of vanadium. With U.S. annual consumption of 20 million pounds, the stockpile will meet U.S. requirements for only two months.

U.S. Dependence on the Republic of South Africa for vanadium and vanadium feedstocks.

Ferrovanadium is the form of vanadium used by the steel industry. It is critical to the U.S. Steel industry. Eighty percent of U.S. ferrovanadium imports come directly from South Africa or from European ferroalloy producers utilizing South African feedstocks.

Sixty percent of U.S. vanadium imports (excluding ferrovanadium) come directly from South Africa.

The House of Representatives Committee on Interior and Insular Affairs report on U.S. dependence on Strategic and Critical Minerals Imported from South Africa **fails to consider South African feedstocks utilized in foreign countries for the production of vanadium destined for U.S. markets.**

U.S. Vanadium Sources

Total consumption in the United States is forecast to be 25 million pounds of vanadium in 1988. The annual availability of domestic feedstocks is estimated to be 16 million pounds annually or 64% of current domestic consumption.

The domestic industry is composed of:

- The Wilson Springs, Arkansas vanadium mine presently shut down is the only domestic deposit to be mined exclusively for vanadium. Maximum possible production is 4 million pounds vanadium per year. The mill at Wilson Springs is currently processing imported slags and residues.

- Vanadium as a by-product of the Uranium industry. Assuming maximum U.S. uranium production these operations could produce 4 million pounds of vanadium annually. Presently only one of five possible U.S. producers of vanadium is utilizing by-products from uranium mining operations for vanadium feedstocks. Unfortunately, the 4 million pounds from this source is unrealistic considering U.S. uranium mining and milling is operating at 25% of capacity.

- Phosphate production by-products could supply as much as 3 million pounds of vanadium per year.

- Spent catalysts and oil residues account for approximately 5 million pounds of domestic vanadium production annually.

Summary The U.S. does not have sufficient alternate domestic vanadium sources to provide for its needs.

Sources: U.S. Bureau of Mines, STRATCOR, Rahall report

Testimony at the Senate Foreign Relations Committee Hearings on South Africa Sanctions

by Carol Bragg, American Friends Service Committee
Rhode Island Office

June 24, 1988

My name is Carol Bragg. I have worked as a staff person for the American Friends Service Committee in Rhode Island for the past 16 years.

The American Friends Service Committee (AFSC) is a Quaker service and educational organization, founded in 1917, which addresses a wide variety of peace and justice issues both in this country and abroad. AFSC has 35 offices throughout the United States, as well as international staff. AFSC's work is based on the Quaker belief in the dignity and worth of every person and a faith in the power of love and nonviolence to bring about change.

For 30 years, AFSC has had staff living in Southern Africa, assigned to work in various countries, including Zimbabwe, Zambia, Malawi, Mozambique, and Tanzania. AFSC has assisted, where possible, in political trnasitions from colonial regimes racially dominated by whites, has carried out several major community development programs, and has shipped material aid and medical supplies to refugee camps in Angola, Mozambique, and Zambia. AFSC staff working in Southern Africa return to the United States on a regular basis to provide first-hand reports about conditions in the region. It is through this direct experience in Southern Africa that the American Friends Service Committee has concluded that the United States and the global community should impose comprehensive and mandatory economic sanctions against the government of South Africa.

I would like, in my testimony, to address some of the moral dimensions of the debate over South Africa sanctions. There are political, economic, and military implications to sanctions, but the issue is ultimately, I believe a moral one.

Evil happens throughout the world, as we are painfully aware. But nowhere today is it so clearly entrenched--constitutionally, legally, politically, economically, and socially--as in the apartheid system of South Africa. The Pretoria government unashamedly adheres to a policy of racial superiority, not unlike that of the National Socialist Party of Adolf Hitler. Under this system of apartheid, millions of black South Africans are denied basic human rights and are prevented from participating as equals in their country.

The violence of apartheid is irrefutable. The South African government has imposed and recently extended emergency laws which prohibit freedom of assembly, speech, and the press. An estimated 40,000 people have been detained since September, 1984, nearly a quarter of them children under the age of 18. Killings, beatings, and torture are routine occurrences. Three and a half million people have been forcibly removed to the so-called "homelands" (Bantustans), where they live in squalor, without adequate food, housing, medical care, and education. The South African government has declared four of these "homelands" to be independent, thereby absolving itself of any responsibility for the welfare of the inhabitants.

In addition, South Africa illegally occupies the country of Namibia and has carried out widespread aggression against its neighbors, resulting, according to UNICEF, in the deaths of more than 900,000 people in Southern Africa--either directly through terrorist attacks, or indirectly from manmade famine and the disruption of social services which would otherwise have saved lives. This figure of 900,000 is staggering: it nearly equals the population of the state of Rhode Island.

The system of apartheid is inherently evil. It is an affront to the God of love and justice proclaimed by all of the world's major religions and to the values we cherish as a nation. There are moments in history when, as individuals and as a nation, we are called upon to raise our voices against overwhelming injustice. Surely, one of those moments is upon us.

Bruno Bettelheim, in his essay "The Holocaust--One Generation Later," describes the American contribution to the Holocaust as the sin of omission. Dare we remain silent now in the face of the massive oppression and human suffering taking place in Southern Africa?

I personally feel the pain of having family by marriage who lost their lives in the Holocaust. Three years ago this month, I visited the memorial at Sachsenhausen and experienced the horror of what happened there--made even more horrible by the extent to which the world remained silent. Also, as a white person, I feel the burden of the less-than-glorious aspects of our own nation's history--the near-annihilation of the Native Americans, the oppression of slavery, and the continuing discrimination against blacks, Hispanics, Native Americans, and other minorities in the political, economic, and social life of this country. I am also moved by the urgent pleas for help coming from the religious community of South

Africa; to me, their pleas are as voices calling out from the concentration camps. For these reasons, I began a water-only fast on June l6, the anniversary of the Soweto uprising, which I hope to continue through July 4, our own Independence Day, as an expression of my personal anguish over the situation in Southern Africa and my own failure to act on this issue sooner.

To me, there are Biblical analogies applicable to the situation in South Africa. It is 40 years now since the National Party, with its ideology of racial superiority, came to power. In many respects, the global community--and especially the Western world--has been wandering in the wilderness for 40 years on the issue of apartheid. Perhaps this is the year when we shall find our way out of that wilderness.

I also look at the vast riches of South Africa: the gold, the diamonds--symbols of the material wealth humanity has sought after for centuries; and the uranium, the gold of the nuclear age. They are all sitting there under the control of a government whose ideology is anathema to the world community. Surely, God must be testing us to see how much evil we are willing to tolerate in our pursuit of material things--just as the devil tempted Jesus, promising him all the kingdoms of the world and the glory of them, if only Jesus would fall down and worship him.

In l985, church leaders in South Africa issued the KAIROS Document, a Biblical and theological analysis of apartheid and their conclusions about how the Church should respond to apartheid. KAIROS means the moment of truth, the moment of grace and opportunity, the favorable time in which God issues a challenge to decisive action. The South African church leaders spoke of the KAIROS or moment of truth for apartheid and for the South African Church.

We must ask ourselves, is this not also the KAIROS, the moment of truth, for our nation on the issue of South Africa?

We must ask ourselves, do we have the vision as a nation to really see the enormous suffering taking place in Southern Africa?

We must ask ourselves, do we have the honesty as a nation to acknowledge that the primary obstacle to completely severing our economic ties with South Africa has to do with our own quest for material wealth?

We must ask ourselves, do we have the spiritual strength as a nation to choose what is morally right, at the possible expense of our own material well-being?

We must ask ourselves, do we have the courage as a nation to take the necessary action--total, mandatory economic sanctions--with firm resolve and all due speed, in order to alleviate human suffering and hasten the day of freedom for all the peoples of South and Southern Africa?

Dr. Martin Luther King, Jr., who appealed for an international boycott of South Africa 23 years ago, said in his writings: "We are now faced with the fact that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history there is such a thing as being too late. Procrastination is still the thief of time. . . We must move past indecision to action. . . Now let us begin. Now let us rededicate ourselves to the long and bitter--but beautiful--struggle for a new world. This is the calling of the children of God, and our brothers and sisters wait eagerly for our response. Shall we say the odds are too great? Shall we tell them the struggle is too hard? Or will there be another message, of longing, of hope, of solidarity with their yearnings, of commitment to their cause, whatever the cost? The choice is ours and though we might prefer it otherwise we must choose in this crucial moment of human history."

Thank you.

Message from Archbishop Desmond Tutu
for the Interfaith Prayer Service, "Toward a New South Africa,"
June 12, 1988
Episcopal Cathedral of St. John
Providence, Rhode Island

taped in Capetown, South Africa, June 6, 1988

Dear friends meeting today in Rhode Island Cathedral: Greetings from your brothers and sisters in South Africa.

I greet you, all of you, of different faiths, as a man of faith greeting those who hold to certain principles, such as the fact that all human beings are of infinite worth. Our own faith says they are of infinite worth because they are created in the image of God. Other faiths would say that it is because they contain a divine spark. But whatever the reason, all of us hold certain truths to be self-evident.

I greet you from a South Africa at the start of a 3-day stay-away called by two of the major black labor federations, COSATU and NCTU, to protest first of all the prospect of a labor bill proposed by the government which would emasculate the black trade union movement and render it ineffective. Because at the present time, it is the labor unions, particularly, that are at the cutting edge of the struggle for justice and peace and reconciliation in South Africa. It is interesting that they are protesting not only the possible emasculation of the trade unions, but also the recent ban on 17 organizations and individuals which was the immediate cause of the march by several church leaders and others on February the 29th from St. George's Cathedral here in Capetown to Parliament--or at least we intended marching to Parliament to present the state president with a petition. I hope you note, friends, that these trade unions are taking this kind of action, which places the jobs of their members at risk. In fact, the employers have been making warning noises about the retaliation that will be effected against those who participate in the stay-away action.

Our people are seeking to use, as they have almost always done, nonviolent strategies, trying to resolve the crisis brought about by the apartheid dispensation, trying to solve the problem and crisis nonviolently. And at every turn virtually, our people's nonviolent actions have met with a violent response from the authorities. We don't want bloodshed and violence and chaos. But what we certainly want is the ending of apartheid. We want a new South Africa; a non-racial South Africa; a democratic South Africa; a South Africa in which all of its people, black and white, will be able to live amicably, harmoniously together as God intended his children to do, as members of one family, the human family, God's family.

People have to make a moral decision about South Africa. And the decision is whether you are on the side of justice or injustice; whether you are on the side of the victims or on the side of the perpetrators of one of the most vicious systems the world has known; whether you are on the side of liberation or on the side of oppression; whether you are on the side of democracy or whether you are on the side of totalitarianism. There is no middle road. You have to make a choice. And we have presumed to believe that the choice American people are going to make is the right choice--that they are a freedom-loving people and that they would like to see a free South Africa, a liberated South Africa.

And you have your chance. You have your chance because you are faced with a government that is intransigent, a government that treats with complete disdain the things that you in your country hold very dear. There is severe press censorship, for instance. Why is it that the South African government, if it has nothing to hide, should place such severe curbs on the media?

You used to see images flitting across your screens that showed you the brutality and the viciousness of apartheid, when you used to see police wielding their quirts on people who were demonstrating peacefully. You have seen what has been referred to as the Trojan Horse incident, when police hid themselves in crates on a lorry to lure children to stone them. And when that happened, they broke out of the crates with guns blazing. They killed children.

The government detains people for several, several months without trial. There is a breakdown of the rule of law. Children are held in detention.

This government has claimed that it has ended forced population removals, under which 3 1/2 million people have been uprooted. But that promise is untrue. So black people do not even have security of tenure. Black family life is eroded as a result of apartheid when the father must leave his wife and children in the Bantustan resettlement camps, eking out a miserable existence, whilst he lives as a migrant worker in a single-sex hostel for 11 months of the year.

Children in this beautiful land, so richly endowed by God with wonderful resources, suffer from kwashiorkor and malnutrition. They suffer from other preventable deficiency diseases in a land that is a net exporter of food.

The dignity of human beings is trodden underfoot. They have their noses rubbed in the dust every day of their lives. And yet many of them are not yet embittered. Many of them want just to have a place in the sun in the land of their birth. All they want is to be able to participate in the decision-making processes of their native land. All they want is to be recognized for who they are--human beings made in the image of God.

And we ask you, help us. Help us to urge the South African government to the negotiating table. Help us. For your participation and intervention are critical. Help us. We do not want sanctions if a new South Africa without apartheid, a new South Africa democratic, non-racial, and just could happen without sanctions. We would be the first to sing "Allelulia." Help us to bring this about as quickly and as painlessly as possible. Help us. Because we are going to be free, and we would like to be able to invite you as honored guests to come and celebrate with us on the day when we are free. For we will remember who helped us in the process of becoming free. God bless you.

Excerpts from Bruno Bettelheim, "The Holocaust--One Generation Later," Surviving and Other Essays

. . . finally, I come to the American contribution to the holocaust--a sin of omission. The euthanasia program mentioned before had to be stopped, dear as it was to Hitler, because too much opposition was aroused by it. Had there been as much concern abroad about the extermination of the Jews as there had been about the killing of the mentally defective and the insane, then the Nazis would probably have had to stop their extermination of the Jews also. But the world remained silent; the Pope, the world's clergy--all who had raised their voices for the mentally defective--remained silent when Jews were murdered.

This same lack of world concern, as it weakened life drives, reinforced the death tendencies in the Jews, because they felt completely abandoned, felt that nobody else cared, that nobody but they themselves thought they had a right to live. . .

Long before Jews permitted themselves to be transported into the death camps, long before they allowed themselves to be herded to the gas chambers, the Nazis had systematically destroyed their self-respect, robbed them of the belief that they could be masters of their fate. What happened to them impressed on them that nobody cared whether they lived or died, and that the rest of the world, including foreign countries, had no concern for their fate. One cannot meet catastrophic events and survive when deprived of the feeling that somebody cares.

The worst damage to our life drives does not come from the hateful and destructive actions of our enemies. While we may be unable to resist them physically, we can cope with them psychologically as long as our friends, those who we think ought to be our rescuers, live up to the trust we put in them.

Had the Jews felt that important voices in the rest of the world were raised in their behalf, that people in the free world cared and truly wanted them to live, they would not have needed to engage in the defense of massive denial, but could have realized what was going on, and reacted differently to it. They could have coped better with the fact that the Nazis wanted them to perish and had planned for their destruction, although nobody can cope really well with this. But many people have enemies who wish them evil; it was the indifference of all those others who should have come to their rescue which was so finally destructive to Jewish hopes...

Murderers can only kill; they do not have the power to rob us of the wish to live nor of the ability to fight for life. Degradation, exhaustion, and utter debilitation through starvation, sickness, and mistreatment--all these seriously weaken our will to live, undermine our life drives, and with this open the way for the death drive. But when such conditions--in which the Jews found themselves because of Nazi persecution and degradation--are worsened by the feeling that the rest of the world has forsaken us, then we are totally deprived of the strength needed to fight off the murderer, to refuse to dig our own grave.

This level of despair is given words towards the end of Celan's poem by the desperate cry "Oh someone," and then there is the final giving-up, when one realizes that there is "no one." We ought to have been their someone, but we were their no one. This is our burden. Just because we cannot atone for it, it is wrong to deny or obfuscate it...

Our obligation--not to those who are dead, but to ourselves, and to those around us who are still alive--is to strengthen the life drives, so that never again--if we can help it--will these be so totally destroyed in so many, least of all by the power of a state. A true understanding of the holocaust ought to imbue us with the determination that we shall never again permit that men, overcome by their desperation and enslaved by their death drive, should walk to their death as their murderers wish.

STATEMENT OF HENRY J. BINGHAM
EXECUTIVE VICE PRESIDENT
INTERNATIONAL INVESTORS, INC.
ON THE ANTI-APARTHEID ACT AMENDMENTS OF 1988

Presented to the Committee on Foreign Relations
U.S. Senate

June 24, 1988

Mr. Chairman and members of the Committee: I am Executive Vice President of International Investors, Incorporated, located in New York City. International Investors, Incorporated, is an open-end, diversified investment management company -- a mutual fund -- concentrating in gold mining shares.

My firm an others like it administer about twenty-five American gold-oriented mutual funds with more than 500,000 shareholders. In addition, many individual American shareholders own South African shares directly.

The bill before this Committee, S. 2378, would require American investors to sell their holdings of South African securities within one year of enactment. On behalf of my firm and the half-million Americans who would be hurt, I urge deletion of this provision.

First, I believe that restricting the freedom of American investors and penalizing them for past choices will not contribute to the advancement of reform in South Africa or the legitimate goals of South African blacks.

Secondly, American shareholders would suffer huge losses if they had to sell their shares within a year. They bought the shares in good faith for specific investment purposes and they have not violated American law.

Third, I agree with those who believe that the United States should act responsibly to promote equal opportunities for all people in South Africa. I agree with the Washington Post and others which state that the U.S. presence in South Africa has been the strongest force for change there.

Americans own South African gold mining shares for a variety of reasons. Generally, gold and gold-related investments are perceived to offer protection against inflation and other forms of monetary and economic instability. They often move counter-cyclically to the New York industrial share and bond markets. Thus, as part of an overall portfolio, they offer optimal diversification.

Because the gold mining industry in South Africa is highly developed, the shares in those mines are historically more predicable than others. In addition, the earnings of each mine, after capital expenditures, are distributed to shareholders as dividends rather than used to finance exploration for new gold deposits in areas not contiguous to the mine. That means a relatively secure income stream to shareholders, compared with most mines in other countries.

A very large portion of all the South African shares owned directly by mutual funds and by individuals are in the form of American Depository Receipts (ADR's) issued by five New York banks: Citibank, Morgan Guaranty, Irving Trust, Bank of New York, and Chemical Bank. ADR's are receipts issued by the banks for ordinary (common) shares which are held on behalf of the issuing banks in the country of origin.

The present dollar value of these stocks held by Americans is not possible to pinpoint, but a recent study showed there are approximately $3.6 billion of South African ADR's (mostly gold mining stocks) outstanding at current market prices. At last year's highs they were valued at $10.9 billion. In addition, both individuals and mutual funds own underlying ordinary shares. At current market levels, we estimate that American individuals and investment institutions own approximately $5 billion of South African equity securities including the ADRs.

At this time, an authoritative study by the Wharton Econometric Forecasting Associates is being undertaken to determine the impact on U. S. investors of the proposed legislation. It should be completed within two-to-three weeks and I hope that it will be included in your record of these hearings.

These stocks are held by a large number of people with relatively modest investments. At International Investors, Incorporated, the largest gold mining fund in the United States, the value of the average shareholder account is approximately $6,800 at current market prices. This fund has approximately 120,000 shareholders.

In a forced sale of these securities the individual American shareholders would be the most seriously hurt. The required sales to foreigners would almost certainly drive the prices of the shares down to extremely low levels.

If the bill as written is enacted, the value of these shares could decline as much as 50% from present levels. Although these figures are rough estimates, there will be a very significant federal revenue implications.

This bill would have some real major effects on federal revenues. An exact figure isn't possible, because the information isn't available or obtainable. But, given those caveats, assume that one-third of the American-owned shares were bought at prices approximating last year's highs by Americans in the top tax bracket. If prices drop from present levels as I believe they would, then the losses that this group alone would incur from the divestment-induced prices could be as high as $2,500,000,000. Given the top tax bracket, this group would have a tax loss of approximately $1 billion.

That is a best-guess, conservative estimate--this provision alone would cost over $1 billion in federal revenues.

Managers of American mutual funds, banks issuing ADR's and dealers in the securities would also be severely penalized.

Of interest to the Committee is the question: If passed, would this provision have any adverse affect on South Africa? The answer is no. On the contrary, foreign interests, including some South African investors, would be enriched as they purchased these shares at depressed prices during the period of American liquidation. If, for example, $2.5 billion of securities -- devalued from an approximate $5 billion prior to divestment -- were lost because of a forced sale, and smart South African firms and individuals bought them, it would have the same effect as a $2.5 billion transfer of wealth from the U. S. to South Africa as the prices go back to normal.

Secondly, trading in these securities is in the secondary market and no new capital is being generated for South African firms. If Americans had to sell these securities then there would be a cut off of funds to Americans from South Africa in the form of divideneds.

In summary, there is little justification for forcing Americans to take huge loses without compensation. This provision does not advance the goals of thebill. In reality, the provision is anti-American investor, rather than anti-apartheid.

United States General Accounting Office

GAO

Testimony

For Release
on Delivery
Expected at
9:30 a.m. EDT
Friday
June 24, 1988

U.S. Sanctions Against South Africa

Statement of Allan I. Mendelowitz
Senior Associate Director
National Security and International Affairs
Division

Before the Committee on Foreign Relations
United States Senate

[illegible]

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to discuss the results of our work involving South Africa. At the request of Senators Kennedy and Weicker, we have been examining trade with South Africa and changes in that trade over the past 5 years; public and private credit available and changes in availability; the status of U.S. disinvestment and how it has been implemented; and U.S. dependence on South African strategic minerals. We have issued two interim reports on our work--one on trade, credit, and disinvestment (GAO/NSIAD-88-165) and one on strategic minerals (GAO/NSIAD-88-201). This statement presents information from those reports and contains additional information on South Africa's trade that we have subsequently developed. We plan to provide a more in-depth report at a later date.

To address these subjects, we obtained extensive statistics on South Africa's trade and lending from U.S. government and international agencies as well as private organizations. We also talked with, and obtained data on these matters and the status of U.S. investment in South Africa from, public and private officials in the United States and several other countries, including South Africa. We obtained statistics on U.S. imports of South African minerals from the Bureau of Mines and discussed the extent to which alternative suppliers could be used with Bureau of Mines' officials, minerals traders, and U.S. industrial users.

SOUTH AFRICA'S TRADING PATTERNS

In recent years, South Africa stopped publishing specific data on its trade with individual countries, and because of a long history of economic sanctions, its data prior to this suspension might not be accurate. Therefore, in our work we used data provided by South Africa's trading partners to multilateral organizations, such as the United Nations and the International Monetary Fund (IMF). While these data are likely to be imperfect, they are considered the best available.

Using IMF Direction of Trade statistics, we analyzed changes in South Africa's aggregate exports and imports both worldwide and with 24 partner countries that reported to the IMF consistently from 1982 through the first half of 1987.[1] Although world trade of the 24 countries increased substantially, South Africa's exports to these 24 countries decreased slightly and imports from them declined substantially. Trade with South Africa represents a very small share of these countries' total exports and imports. For example, for the United States, South African trade is less than one-half of one percent of U.S. trade.

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[1] The 24 countries are the United States, the United Kingdom, West Germany, France, Italy, Japan, Austria, Belgium-Luxembourg, Netherlands, Norway, Sweden, Switzerland, Canada, Finland, Iceland, Ireland, Spain, Australia, New Zealand, Portugal, Chile, Israel, Sri Lanka, and Hong Kong.

Since 1982 South Africa's trade with the 24 countries that have reported consistently to the IMF remains concentrated with six major industrial nations--the United States, the United Kingdom, West Germany, France, Italy, and Japan. In 1982, these six major partners supplied 84 percent of South Africa's imports and purchased 84 percent of its exports. In the first half of 1987, the major partners supplied 82 percent of the imports and purchased 81 percent of the exports. Some shifting of market share occurred within the bloc of six nations, however; for example, the United States and the United Kingdom decreased their shares of both imports and exports, while Japan increased its share.

For exports to South Africa from 1982 through the second quarter of 1987:

-- The U.S. market share decreased from 19.9 to 13.4 percent.

-- the United Kingdom's market share decreased from 17.5 to 15.8 percent.

-- Japan's market share increased from 13.8 to 18.0 percent.

For imports from South Africa from 1982 through the second quarter of 1987:

-- The U.S. share fluctuated from 1982 to 1986, but declined from 20.6 percent in 1986 to 12.6 percent during the first half of 1987.

-- The United Kingdom's share decreased from 11.9 to 10.1 percent.

-- Japan's share declined from 1982 to 1984 but increased to 23.8 percent during the first half of 1987.

In addition to examining total trade, we are also analyzing data on trade in products under U.S. sanction. I should note that changes in trade are the result of many factors, not just U.S. sanctions. Changes in trade may be the result of formal sanctions, informal restraints by nations on trade with South Africa (voluntary restraints by a nation's business community), market forces, or a combination of these factors. However, trends of industrialized and newly industrializing countries' imports from South Africa can help in attempting to assess the effect of U.S. and other nations' sanctions.

U.N. data on South African exports to 20 industrialized and newly industrializing countries--representing the market for more than 96 percent of South Africa's exports--show that for the first three quarters of 1987, South Africa's total exports of commodities under U.S. sanction have declined. South Africa has not been able to replace its former exports to the United States of goods under U.S. sanction by redirecting trade to the other 19 nations and has suffered further losses in exports to these countries as well (see app. I). During this time, we estimate that U.S. sanctions cut South African exports by about $417 million. South Africa was not only unable to recover these losses by redirecting trade to the other 19 countries but lost additional trade in these markets resulting in a total trade reduction in goods under sanction of $624 million. In markets where South Africa lost exports, the losses appear to be caused, at least in part, by other nations making efforts to reduce imports from South Africa. (The attachment to my statement shows that imports of the U.S. sanctioned commodities by the other 19 countries from South Africa has declined at a greater rate or increased at a slower rate than their imports from the rest of the world.)

Although an overall decline in exports to these markets occurred, South Africa's ability to redirect exports varied from product to product. For coal, uranium, and iron and steel, South Africa was not able to redirect exports lost as a result of U.S. sanctions to the other 19 countries and experienced even further losses in these nations' markets. An apparent effort by others to reduce trade in these products with South Africa helped prevent South Africa from finding new markets for such exports.

South Africa's losses in textile exports were due to U.S. sanctions and South Africa's inability to redirect all of the lost exports to other markets, in part due to other countries' apparent efforts to reduce their trade with South Africa.

Only in the agricultural products market was South Africa able to offset losses from U.S. sanctions and to actually increase its total exports. However, while other countries increased their imports from South Africa, the increase was still less than the increase in their imports from the rest of the world.

To explore further the possible causes of the effect of the sanctions, we looked at the world market conditions for the sanctioned commodities. An examination of available price data on sanctioned commodities leads us to conclude that the effectiveness of sanctions appears to be influenced by market conditions. When markets for sanctioned commodities were weak and world prices were low--such as for coal--market conditions reinforced the sanctions and South Africa's total exports of the sanctioned commodities declined. Conversely, South Africa was able to reduce its losses or actually increase its exports of sanctioned commodities that were traded in tighter markets with rising prices--such as agricultural products, for which overall prices increased 34 percent from 1986 to 1987.

LENDING TO SOUTH AFRICA

Data on individual countries' loans to South Africa are scarce, but aggregate data show that lending by foreign banks has decreased in recent years because of South Africa's perceived political instability, poor economic performance, and its 1985 freeze on debt repayments. However, the lending climate in South Africa may be improving.

In August 1985, Western banks, motivated by political instability in South Africa, did not extend existing loans and began to withdraw them as payment came due. South African banks could not repay the debt. Banking experts said that South Africa had the ability to pay the interest on its debt but not the principal. In September 1985, the South African government declared a moratorium on the repayment of principal on short-term debt totaling $14 billion of the $24 billion total debt owed by South Africa at the time. The moratorium did not cover bonds, IMF credits, trade credits, and credits granted to the South African Reserve Bank.

After the moratorium, a committee composed of representatives of Western banks negotiated with South Africa the rescheduling of its debt. An agreement, called Interim I, was reached that required that 5 percent of the principal on current short-term loans be repaid between April 1985 and June 1987. The successor to Interim I, Interim II, requires repayment of another 13 percent of principal from July 1987 to June 1990. The negotiations to reschedule the remaining debt will be held when the Interim II agreement expires in 1990. Researchers in both Europe and South Africa knowledgeable about Western sanctions against South Africa stated that Western banks' recall of loans has been the most effective measure to date to pressure South Africa economically.

U.S. bank lending to South Africa has also declined. From June 1982 through September 1984, U.S. loans to South Africa increased from about $3.7 billion to about $5 billion, but from September 1984 to December 1987 they generally decreased to just less than $3 billion. However, a small increase in lending occurred during the first 6 months of 1987. In light of the ban on new U.S. loans that took effect in mid-November 1986, we have not been able to explain this small increase.

Representatives from banks and anti-apartheid groups and private researchers we spoke with said that because of the moratorium in 1985 and the slow growth rates of the South African economy, banks have been reluctant to make loans to South Africa. But representatives of some British banks, some anti-apartheid groups, and private researchers said that loans to South Africa are still profitable and that they are seeing more willingness by banks to lend as South Africa's lending climate improves.

In April 1988, South Africa's foreign debt was approximately $23 billion. International banks held $16.12 billion of this, and the rest was in bond issues or debt owed to foreign nonbanks and international institutions. Data collected by a private researcher from the California-Nevada Interfaith Council on Corporate Responsibility indicates that the United States, United Kingdom, West Germany, and Switzerland account for almost half of South Africa's international debt.

DISINVESTMENT

Since 1984, 162 U.S. companies have withdrawn from South Africa. As of June 1988, 150 U.S. companies still have direct investments or employees in South Africa, but 9 of them have announced their intention to withdraw.

The principal methods that U.S. companies have used to withdraw from South Africa are (1) closing down their operations, (2) selling the company to local management, (3) selling the company to a South African company, (4) selling the company to a non-South African company, and (5) transferring the company assets to a trust fund.

We identified five U.S. companies to use as case studies of U.S. corporate withdrawal from South Africa. Each company used a different withdrawal method. Four of them have maintained some relationship with successor companies in South Africa. Royalty fees for the use of trademarks or ongoing consulting services has been maintained in three cases. In one case, a newly formed independent company became the sole approved consignee of the U.S. company's products in South Africa.

Another U.S. company signed a contract with the newly formed independent company to supply marketing and advertising services for the U.S. company in South Africa. In effect, the same people will be providing these same services for the U.S. company as before the withdrawal, but now they work for the independent company rather than the U.S. company. Additionally, components used in the final product which were previously supplied from a plant in South Africa are now supplied to this company's South African customers from a newly built plant in Swaziland. The South African plant was shut down as part of the disinvestment.

In all five case studies, the products or services the U.S. companies were selling were not covered by sanctions. In three of the four cases where there was a company product, there has been no change in the availability of the product as a result of the company's withdrawal. In a fourth case, the only instance in which the company closed its operation in South Africa and severed all business relationships, the product is available through third parties, though not with the company's approval. The fifth company provides a service, not a product.

The five U.S. companies in our case studies had a combined workforce in South Africa of about 2,800 at the time of their withdrawals, of which roughly 45 percent, or about 1,270, were non-white. There were some lost jobs due to the companies' withdrawals. Most of the lost jobs occurred in the company which simply shut down its South African operations. According to company officials, about 30 percent of the non-white employees, or approximately 85 persons, lost jobs. A second company was unable to provide a racial breakdown of the 30 persons whose jobs were terminated. A third company provided continued employment for all of the previous employees. While no direct information was available for the remaining two companies, officials assumed that the new employers kept the existing workforce.

To the extent that U.S. companies sell their South African operations intact, the new owners apparently continue to operate the business with the same workforce. The impact on the black employment is consequently minimal. However, when a company simply shuts its doors, there is an adverse employment impact.

Each of the five case study companies cited social or educational programs that they had funded in the black community prior to their withdrawal. They have essentially continued to honor any funding commitments that extended beyond the dates of their withdrawals but are making no new funding commitments. In particular, two of the companies had established large funds, totaling $15 million and $10 million, respectively, to which they will continue to contribute through 1989 and 1990, respectively. A third company will honor certain commitments through 1988 but has ended any other funding. The remaining two companies have terminated programs they had previously supported.

STRATEGIC MINERALS

The extent of South Africa's role as a supplier of strategic minerals[2] to the United States has varied over the past 5 years. Between 1983 and 1987, the percent of U.S. imports of platinum-group metals and rutile from South Africa increased significantly and the percent of imports of chromium and manganese first increased and then declined, with 1987 imports somewhat higher than 1983 imports.

Antimony, chrysotile asbestos, and industrial diamond imports from South Africa decreased as a percent of total U.S. imports between 1983 and 1987. Direct imports of industrial diamonds have virtually ceased, with the United States importing most industrial diamonds from countries that serve as transshipment and marketing points for diamonds mined elsewhere. Imports of antimony fell by 50 percent. South Africa provided almost no cobalt to the United States throughout the period, but generally more than half of U.S. imports, which came from Zaire and Zambia, were shipped through South Africa.

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[2] The Department of State certified 10 minerals as strategic and essential for the economy or defense of the United States, thus exempting them from sanction under section 303 of the Comprehensive Anti-Apartheid Act. They are: andalusite, antimony, chrysotile asbestos, chromium, cobalt, industrial diamonds, manganese, platinum-group metals, rutile, and vanadium.

The Soviet Union is not now nor has it been a major supplier of any of the 10 minerals since at least 1983. The United States has imported no andalusite, chrysotile asbestos, cobalt, manganese, rutile, or vanadium from the Soviet Union since 1983 and has imported only a small percentage of antimony, chromium, and industrial diamonds in any one year. In 1987, the Soviet Union provided 10 percent of U.S. imports of platinum-group metals, down from a 5-year high of 13 percent in 1983.

Except for two of the platinum-group metals (platinum and rhodium), andalusite, and a specific type of industrial diamond and grade of chrysotile asbestos, alternative supply sources exist for the certified strategic minerals imported from South Africa according to Bureau of Mines' data and to officials of the Bureau and Commerce and Defense Departments. The other minerals could remain available to the United States in the case of a U.S. unilateral embargo, although, according to a recently issued Bureau of Mines' report there would probably be supply disruptions and increased economic cost to the United States.

The Bureau of Mines' report estimates the economic impact of a U.S. import embargo on 6 of the 10 certified minerals and concludes that there are sufficient alternative sources for manganese, chromium, palladium (one of the principal platinum-group metals), titanium (rutile), and vanadium to meet U.S. industrial demand in the event of an embargo, but not for platinum and rhodium (two other platinum-group metals). The report also states that cobalt supplies would remain available with the use of alternative routes for transporting cobalt from Zaire, the U.S. principal supplier. Cobalt from Zaire and Zambia is presently shipped via South African rail to South African ports for export.

The report estimates the 5-year cumulative direct economic cost of a U.S. embargo on South Africa for the six minerals at $9.25 billion, or $1.85 billion annually.

We discussed the Bureau of Mines' report with U.S. industrial users of strategic minerals. Although they had not had an opportunity to review the report, their initial reaction was that it understated the economic costs of an embargo and overstated the ability of other mineral-producing nations to replace South African exports to the United States. Industry officials also said the report did not address the potential illegal entry of South African minerals into the United States through false documentation showing another country of origin.

Mr. Chairman, this concludes my statement. I would be happy to respond to any questions.

Changes in South African and World Exports—First Three Quarters of 1986 to First Three Quarters of 1987

Product	South Africa's Loss of Exports to the U.S. (thousands)	Change in South Africa's Total Exports to 19 Other Countries (thousands)	Net Change In South Africa Exports (thousands)	Percent Change in South Africa's Exports to 19 Other Countries	Percent Change in World Exports (Exclusive of South Africa) to 19 Other Countries
Coal	-$ 35,794	-$238,656	-$274,450	-24.0	-9.7
Iron & steel	- 121,934	- 83,558	- 205,492	-15.0	5.5
Uranium	- 119,677	- 38,924	- 158,061	-25.2	20.4
Textiles	- 29,203	12,290	- 16,913	4.3	27.9
Agricultural products	- 110,435	141,832	31,397	13.8	14.8
Total	-$417,043	-$207,016	-$624,059	-6.9	16.9

Statement of Allan I. Mendelowitz, U.S. GAO
Submission for the Record

Supplemental statement on which countries have had the largest increase in their imports from South Africa of goods under U.S. sanction since the passage of the Comprehensive Anti-Apartheid Act

Of the ~~20~~ 19 other industrialized and newly industrialing countries we examined, the following nations had the largest percentage increases in the value of their imports from the first three quarters of 1986 to the first three quarters of 1987 of the major commodities under sanction (that is, coal, textiles, uranium, agricultural products, and iron and steel):

Country	First Three Quarters 1986	1987	Net Change	Percent Change
	(~~millions~~) thousands		(~~millions~~) [illegible]	
Finland	$1,106	$1,726	$620	56.1
Israel	48,226	72,406	24,180	50.1
Norway	991	1,371	380	38.3
Sweden	2,417	3,257	840	34.8
Singapore	73,265	93,212	19,947	27.2
Switzerland	44,137	53,381	9,244	20.9
France	256,472	288,436	31,964	12.5

Israel, Singapore and Switzerland increased their imports from South Africa more than they increased their imports from the rest of the world. Finland, Norway and Sweden also increased their imports from South Africa more than they increased them from the rest of the world but had low levels of imports from South Africa initially. Although France had the largest gain in value of imports from South Africa, its percentage increase was less than that of its imports from the rest of the world.

Of the 20 nations we examined, France, Israel, Singapore, and Switzerland had the largest increases in dollar trade value. Increased purchases of agricultural products contributed heavily to the gains in imports from South Africa by Israel and Singapore. Israel's imports of agricultural products increased 127.5% and Singapore's increased 29.2%. Switzerland's gain in imports was caused by increased purchases of agricultural products (27.3%), iron and steel (66.1%), and coal (16.8%). France's increase in imports was caused by increased purchases of agricultural products (45.9%) and uranium (45.8%).

STATEMENT BY

SAL G. MARZULLO
CHAIRMAN, INDUSTRY SUPPORT UNIT, INC.
SIGNATORY COMPANIES TO THE STATEMENT OF PRINCIPLES
FOR SOUTH AFRICA

TO

SENATE FOREIGN RELATIONS COMMITTEE

419 Dirksen Senate Office Building
First & C Streets, N.E.
Washington, D.C.
June 24, 1988

I would like on behalf of the Industry Support Unit of the Signatory Companies to the Statement of Principles for South Africa to present a statement for consideration and insertion into the record of the hearings; some of it repeats what I said in my statement to the Subcommittee on Africa and the Subcommittee on International Policy and Trade of the House Foreign Affairs Committee on March 23 of this year.

The American companies (82 in number) who are still members of the Signatory Association, have long believed that the growth of urbanization and industrialization in South Africa will do more to doom and eliminate apartheid and separate development than any other single influence. We believe this despite any internal resistance to change that may appear in South Africa. If South Africa is to survive as a modern nation prepared to provide for all its people, economic growth must be encouraged, not reduced, and South Africa needs to be opened up to a wide range of new ideas, programs, investment and attitudes. Isolation from the rest of the world will only hinder a process of change, not assist or accelerate it.

Let me place into the record the direct challenges that American companies operating in South Africa have issued to the Government and people of South Africa as they continue to call for genuine power-sharing among all races and negotiations leading to full citizenship for all of South Africa's people.

American business calls for:

- the abolition of all statutory race discrimination in South Africa;
- negotiations with acknowledged black leaders on power-sharing;
- full South African citizenship for all people of South Africa;
- The restoration of the rule of law and an end to the state of emergency in South Africa.

In addition to the personal commitment and work of their employees, U.S. companies spend a large percentage of their South African payrolls on black education, housing, legal assistance, black business development, and employee training programs. In the past decade alone, the U.S. signatory companies have spent well over $250 million dollars in preparing blacks in South Africa for the leadership roles they will assume in the future.

U.S. company representatives in South Africa have impressed upon the South African government at all levels the concerns of U.S. business, and these have included:

- requests for the release of political prisoners, especially those who are employees of U.S. firms;
- requests for the unbanning of all political parties and the start of negotiations on power-sharing leading to non-violent change in South Africa, and the freeing of Nelson Mandela;
- requests for the elimination of statutory apartheid, including all elements of the South African law that institutionalize racial discrimination and an end to the existing State of Emergency.

It is the combined efforts of U.S. firms which remain in South Africa together with pressure exerted on Pretoria by the United States and by other nations both individually and through the United Nations which are giving the many interests in South Africa which oppose apartheid, the support needed for them to be able to gain political and economic freedom through peaceful means. We, who have seen the power of democracy make the United States the leading nation in the world, recognize that the best hope for enlightened change is through economic expansion and not through the destruction of an economy. It is the expansion of the South African economy and the need for a growing skilled work force, which has enabled increasing numbers of blacks to become managers and supervisors, and which has supported the creation of unions and led to steady improvements in education and training. U.S. companies operating in South Africa have been the first to recognize this need, to train blacks for skilled jobs and to sign agreements with the unions. In addition, the U.S. companies have helped black employees and their families find suitable housing despite the numerous and frustrating limitations imposed by Pretoria, and have been involved directly in improving education and in providing economic assistance to encourage black children to continue their education.

The increasing dependence of the South African economy on skilled blacks and black entrepreneurs provides them with the "economic empowerment" needed to successfully fight against racism and bigotry. There is no clearer example of this than our experience in the United States where many ethnic groups rose to leadership positions in our economy and in our government by taking advantage of educational and economic opportunities. If Congress acts to further undermine the South African economy through sweeping sanctions and forces U.S. companies to leave South Africa, it will be taking away the most potent and viable weapon the oppressed have in their struggle against apartheid.

South African whites make up at most 15% of the population. As such they cannot possibly fill all of the skilled, supervisory, entrepreneurial and other jobs in an expanding economy. If, however, the proponents of sanctions and divestment succeed in their plan to destroy South Africa's economy, one can be assured that the government will act to protect the white minority and it will be non-whites who suffer the resulting unemployment and loss of training and opportunity. At page 102 of Sanctions and South Africa, Merle Lipton concludes that in the face of increased sanctions, "The Government will be concerned to protect the living standards of the skilled and professional people needed to run the economy, and of its own supporters...The main brunt of sanctions will thus be borne by blacks, who comprise the majority of the work force."

The downturn in the South African economy is already negatively impacting on blacks in a disproportionate way. There are well over two million unemployed blacks without additional sanctions. Research conducted by Roger Riddell of the Overseas Development Institute has shown that the economy has not absorbed some 150,000 and 200,000 would be entrants to the labor force annually since 1976. Some say that at least 16% and maybe 30% of the black work force is currently unemployed. New sanctions will increase the black unemployment problem. The Chamber of Mines and the Steel and Engineering Industries Federation (SEIFSA) estimate that the Comprehensive Anti-Apartheid Act's bans on iron, steel and coal may result in the direct loss of over 50,000 jobs. This estimate does not take account of the resulting effects on related services, commerce and consumer areas. Too much of present-day Africa has been reduced to economic stagnation which neither serves its oppressed people, nor provides a fertile base for the development of democratic ideas.

Let me address the argument often expressed by sanctions proponents that most blacks are prepared to suffer additional deprivation in a campaign aimed at destroying apartheid. The obvious question, however, is how much additional burden can they undertake and for how long? The overwhelming evidence supports the conclusion that many years at least are required. South Africa is especially resilient to unilateral sanctions by the U.S. It's government is determined; its white population has no other place to go; its natural resources are huge; it is virtually energy independent; and its military and police force are enormously powerful.

Even the House Foreign Affairs Committee Report on H.R. 1580 acknowledges that many of our closest trading partners have recently increased trade with South Africa.

> "In the past year, Hong Kong's exports to South Africa have doubled; Japanese exports have increased by 18 percent making it South Africa's number one trade partner; German banks have extended new credits to South

> African parastatals; and a number of foreign companies have made new investments in special 'decentralized' areas." Report of the Committee on Foreign Affairs U.S. House of Representatives on H.R. 1580 (May 20, 1988).

South Africa is far more immune from unilateral U.S. sanctions than the legislation's proponents suggest. The proposed sanctions can lead only to prolonged attrition. In the course of this, the proposed sanctions will hurt the very groups they are intended to help, and America, once again, will be seen as the cause of the harm. As James Nycoya, the President of the South African Black Taxi Association, testified before the House Subcommittee on Africa, "I ask you to listen to our voices...before you decide what is good for us. Before you decide that black children must go hungry so you can be on the right side of history."

In growing numbers, blacks in South Africa are reconsidering their positions on sanctions and disinvestment. As long as the threat of these postures sought to provoke and produce reform and economic improvement, it was welcomed. However, when disinvestment and economic sanctions actually took place under the impetus of the Anti-Apartheid Act of 1986, two changes took place in South Africa. One, as more and more American companies departed, the new purchasers did not always adhere to the same high standards of economic improvement and adherence to the former Sullivan Principles as American companies were following. Important programs designed to train blacks for future leadership in business and other segments of society were being eliminated. Secondly, among both blacks and whites, American influence was greatly diminished and constantly being eroded--the threat of disinvestment had become the reality and there was little or no American threat left to exercise. It is no exaggeration to say that at no time in recent history has America exercised less positive influence on South African affairs than at present. We have been and are being written off by blacks and whites alike for a negative and non-productive South African policy.

During my last trip to South Africa in mid-February and early March, I met again with many black community leaders. They do not want American companies to leave and are working to achieve consensus in their communities and organizations so that they can publicly articulate this position. These leaders represent over four and one-half million black workers--many of them members of UDF, COSATU and other groups strongly opposed to apartheid.

American insistence on further sanctions and disinvestment have also served to hurt the many liberal white coalitions that have been patiently building coalitions for change in South Africa. Members of the political opposition, people like Colin Eglin, Helen Suzman, and Frederik van Zyl Slabbert, have told many of us that America is hurting not helping the prospects for meaningful peaceful political, social and economic change in South Africa by its insistence on pushing for punitive actions rather than for a positive involvement in South Africa. They argue that the presence of U.S. business has helped to create the economic conditions that ultimately will free blacks in South Africa. Miss Helen Suzman has written, "An expanded economy is the mechanism that creates jobs and wealth in which all must share. Contact and a diplomatic presence within South Africa exercise significant influence. Isolation and a wrecked economy may give moral satisfaction to some of those who oppose apartheid, but this course of action should surely be weighed against the unintended consequences that are likely to result."

Dr. Frederik van Zyl Slabbert, head of the Institute for a Democratic Alternative for South Africa, has appealed to the world not to isolate South Africa because of apartheid but to get involved in practical programs to help black people. He says, "There's a very simplistic assumption that economic consequences can be translated into desirable political objectives ... there's no evidence to support that." Privileged whites would be the last to suffer the impact of legislation such as the almost total ban on trade with South Africa being considered by the U.S. Congress, he said. "Just teaching one kid to become literate is an alternative that is preferable (to sanctions)."

Anger is growing among all segments of the population who understand that the solutions to its complex problems are long-term, not short-term ones. The most radical elements in South Africa understand this fact and act on it while we undermine however unwittingly the coalitions for change that have emerged by turning a political process of change into one of immediate survival. Reform and change strategies evaporate as survival becomes the number one national concern in South Africa. The reality is that if we persist only in exercising punitive actions, we will only cause a national government fighting for its political survival to become more rigid, to rely more on force and less on reform, and to ignore any American thoughts on any South African change process. This is a real danger. America is becoming increasingly irrelevant to any real change process in South Africa.

The Congress of the United States must work to strengthen American influence in South Africa, not weaken it. Legislation designed to give the U.S. greater influence can only come with a stronger governmental and private American presence.

American companies have sought to be part of the solution to deep-rooted and complex problems. We have sought to survive and to buy time for all of South Africa's people to come together to solve their problems. Again, we urge everyone not to place impediments in the way of our efforts to assist in national reconciliation. U.S. business has a future in South Africa only if it is credible both in South Africa and in the U.S. and only if a national change process continues. But our critics must understand the realities as well as we do. It is not enough for them to urge "do more, do more," when they themselves remain uninvolved on the scene or seek to remove from South Africa those very institutions that are ever doing more to empower black South Africans in the economic, political and legal areas and help build coalitions for long-term political change. Companies, genuinely working for change, are caught in a crossfire between ideologues on the left and right both here and in South Africa, and by highly motivated U.S. critics who mean well but who know little about South African history, and how that history impacts on the present style and pace of change in South Africa.

Both American and international business seek an equal society for all of South Africa's people, not a bloody revolution that destroys everything of value. We are witnessing increasing black and white South African resentment at foreign presumption in trying to define and determine the pace of change in South Africa and even to determine its future leadership--only South Africans themselves can make those determinations but we seek to help.

I received in late March what may have been one of the last public statements of Alan Paton, author of Cry the Beloved Country," and many other books. Mr. Paton was a devout and uncompromising Christian. He remained convinced to the end that apartheid must be eliminated; and that sanctions and disinvestment were the wrong ways to accelerate movement toward apartheid's ultimate and historically inevitable demise. He urged that we stay involved and committed and we, among many others, believe him to be right in that view.

We do not believe that isolating South Africa, disinvestment, or imposing tougher sanctions will hasten the end of the apartheid system--if anything, such isolation will lessen the effectiveness of any initiatives for serious long-term change. We, the American companies, remain committed to making our presence an effective one for peaceful change. We hope the U.S. Congress will assist us in that process at a critical juncture in American/South African relationships.

S. G. Marzullo
Chairman, Industry Support Unit, Inc.
Signatory Companies to the
Statement of Principles for South Africa
June 24, 1988

Testimony Before the Senate Foreign Relations Committee
The Rev. J. Andy Smith, III, Ph.D.
Director, Social and Ethical Responsibility in Investments
American Baptist Churches, USA
June 24, 1988

I am Andy Smith, Director of Social and Ethical Responsibility in Investments for the American Baptist Churches, USA. Today I also reflect the concerns of the 220 Roman Catholic orders and the 20 Protestant denominations which are members of the Interfaith Center on Corporate Responsibility, where I serve on the steering committee of the Issue Group on South Africa.

I come here today almost directly from the meeting of the General Board of the American Baptist Churches, USA, in Green Lake Wisconsin. On Wednesday of this week that board passed a resolution calling on its members, churches and agencies to boycott Shell Oil because of its major role in South Africa. We thus become the fourth major religious group in the past month to join the boycott along with the Episcopal Church, the United Methodist Church, and the National Council of the Churches of Christ. If the sanctions legislation were to become law, the boycott would no longer be necessary because Shell would leave South Africa, choosing instead the larger US market. While the boycott continues there may be many small service station owners and operators in the US who will suffer a loss of business because of the parent company's involvement in South Africa.

In 1985 I went to South Africa for three weeks to vist US corporations and religious leasders. I met with top executives in 15 US corporations, saw the conditions in their workplaces, and visited several projects which they supported.

The representatives from Mobil Oil took me to see a housing project in a colored township near Capetown. On the way they shared their frustration in creating a black middle class, saying that despite all they were doing not one black employee could vote or live where he wanted to or even play golf with a white colleague. These comments are a sad commentary on the effects of the efforts of US corporations. They have only made conditions for their workers slightly more comfortable in what remains an injust situation.

The presence of Mobil today among those lobbying against the sanctions bill places them in alliance with the South African Government. It appears to us as religious shareholders that they are clearly on the side of the oppressors despite their rhetoric against apartheid.

On the final day of my trip I shared my observations about the many projects which US corporations supported with then Bishop Desmond Tutu. His response to me was, "Yes, but it all occurs within apartheid."

I also spent some time in the area around King Williamstown meeting with blacks living in areas where they had been forcibly resettled by the government. I saw that they had been provided with nothing in the resettlement process except rows upon rows of portable toilets in one location. As I went into the homes of these people, I saw parts of black

South Africa that almost no white South African sees or desires to see. I realized in a meeting between white business men and blacks boycotting their businesses that I had seen more of the reality of black South Africa than whites who had lived there most of their lives. I saw the reality of black life that is totally unaffected by the presence of US corporations except to the extent that those corporations support apartheid through their taxes to the government.

Let me comment on those taxes. In 1985 US corporations paid $752 million to the South African government in taxes while paying only $27 million for social programs under the Sullivan program. That provided about 5% of the revenue collected by the government during that period. One five year study revealed that US corporations paid taxes to the South African government amounting to more than 52 times their donations under the Sullivan Prnciples. From 1977 to 1985, these companies paid the South African government taxes totallling 69 times the amount they spent on Sullivan programs.

Last year boards of the American Baptist Churches sponsored 56 shareholder resolutions to US companies calling for the total break of all economic ties with South Africa. We were joined in this effort by many other religious groups, and public pension funds from the State of New York, the State of Florida, the Teachers Insurance Annuity Association/College Retirement Equities Fund. These institutions represent a total of over $200 billion in assets. Our resolutions went to companies which have sold assets in South Africa as well as those continuing to hold such assets.

The first shareholder proposal calling for the withdrawal of a US company from South Africa appeared on the ballot of General Motors in 1971. Seventeen years later we are still sponsoring such resolutions, yet the passing of the bill before you would make all of our efforts unnecessary. It would immediately accomplish what we have been attempting to do with only moderate success.

Our success in a number of cases has resulted in only a change of name as corprations like General Motors and IBM sold their assets to South Africans. Yet the net result has been that the same products are available in South Africa and GM and IBM can no longer guarantee that their products do not reach the government. IBM and the other US computer companies are a particularly important target of religious shareholders. The high technology of computers can directly support the repression of the government. This year our resolution to IBM to break all remaining ties received the highest vote ever of a social responsibility resolution at IBM. I am submitting for the record an ICCR brief by Richard Leonard which details the strategic role of IBM.

In the brief time I have remaining, let me comment on the international financing of apartheid. The South African economy could not survive if it were not for the various forms of trade credits. Chris Stahls, Director General of Finance of South Africa, underscored the importance of this issue in a statement qouted in Euromoney in December 1986:

> If the world banking community should effectively exclude South Africa from international trade and payments systems, it would

> be a much more effective sanctions measure than the trade sanctions applied by governments. It would put us on a barter system overnight. That is the muscle they have on their side.

All forms of facilitating trade credits need to be ended. The bill before you closes this loophole. Because of the suspension of general purpose lending to South Africa, this form of financing is now the major way in which capital projects are financed. I am submitting for the record an excellent study by my colleague from California, John Lind, entitled, Financing Foreign Trade. He concludes that South Africa would face a financial crisis if its trade credits were cut off by its major trading partners, for it could barely cover the lower estimate of such credits by liquidating all of its foreign reserves.

South Africa's

We are also concerned about correspondent banking agreements and sponsored a shareholder proposal with Citicorp to end such ties. Through correspondent banking agreements normal business transactions can occur including letters of credit, bankers acceptances, emergency overdrafts, and other banking instruments. In effect many of these are short term loans. These relationships provide an effective extension of US banks into South Africa.

The repayment of the outstanding debt is another issue of financing. In June 1990 the $12 billion debt already renegotiated comes due. We in the religious community would like to see the entire amount become payable immediately. At a minimum we are calling for a rate of repayment not less than 15% of the outstanding principal yearly. The 5% currently being repaid effectively extends credit to the government, thereby delaying the financial crunch which could occur. Another $1 billion in bonds comes due at the same time in 1990. The three US banks on the negotiating team need the pressure of this legislation to press for quick repayment.

Is there evidence that comprehensive economic sanctions like those in this bill can promote political change in South Africa? We believe there is. A study last year by the Starnberger Institute of the Federal Republic of Germany concludes that the actions of only six countries (the US, the United Kingdom, the Federal Republic of Germany, France, Japan, and Switzerland) to end new loans and institute trade and investment sanctions would bring about the complete collapse of the apartheid system. It is important that such sanctions be instituted quickly and that the US urge the other countries identified to follow its lead and impose sanctions.

A 1985 study of 103 attempts since 1914 to change a country's behavior through economic sanctions, Economic Sanctions Reconsidered (Clyde Hufbauer and Jeffrey Schott), identifies five factors that enable sanctions to work: the authors conclude that if the target country has significant domestic problems, is a close trading partner of the countries imposing sanctions, and suffers economic losses as a result of the sanctions equal to more than five percent of its GNP, sanctions are significantly more likely to work. The impact of sanctions is also enhanced if the countries involved account for a near monopoly of trade with the target nation and only a small number of countries are needed to inflict real economic cost. All five of these conditions are met in the case of South Africa.

I leave you with the words of Auntie KooKoo, the volunteer manager of a day care center in King Williamstown. She told me as I was leaving the center, "If the apostle Paul could write all those letters from prison, then we can sure keep going here." Her testimony represents the millions of blacks who will die before they give up the fight for recognition of their human dignity and full democratic participation.

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IBM Update: Still Computing Apartheid
by Richard Leonard

Richard Leonard, author of South Africa At War (Lawrence Hill & Co., 1983) has worked at the UN Centre on Transnational Corporations and written numerous articles on southern Africa. In April 1987, a version of this paper was published by the Public Affairs Department of the Communications Workers of America, who ICCR thanks for use of this material.

IBM has long had an image of enlightened and efficient corporate management, an image tarnished by its business in South Africa. IBM, which claims to oppose apartheid, has has been the leading supplier of computers to the South African government and major corporations in South Africa.

Faced with growing antiapartheid pressure in the U.S. and Europe and deteriorating economic and political conditions in South Africa, in March 1987 IBM concluded sale of its South African subsidiary to Information Services Management, (Pty.) Ltd. (ISM), a new company IBM helped to establish. By selling its assets to the successor company, IBM lowered its South African profile but continues to supply a full range of products and services in South Africa.

IBM, the world's largest manufacturers of computers and information processing equipment, in 1985 had approximately 405,000 employees worldwide, total sales of $50 billion and net income of $6.6 billion.

A Rose By Any Other Name . . .

IBM still leads the South African computer market, selling its products through ISM which holds an exclusive franchise to market and service IBM products in South Africa. In full-page ads in South African papers, Jack F. Clark, former manager of IBM South Africa and now managing director of ISM, stated "There will be no change in the supply of IBM products." According to the *Washington Post*, he called the new franchise "a very lucrative deal for them and us." An IBM dealer in South Africa said, "Nothing has really changed except that IBM no longer has to account for its presence in South Africa."

The new company is owned by a trust established "for the benefit" of the employees of its former subsidiary and financed by a loan from IBM. The employees will have profit sharing and an employee ownership plan. Most of the employees and all top management are white. According to the *Wall Street Journal* (Aug. 24, 1987),

> At IBM's old subsidiary, which has only twenty-two black managers, nonwhites represent 23 percent of the employees but will get just 13 percent of the equity.

The sale of its subsidiary includes a three-year renewable contract for new products and services and a five year renewable contract to provide spare parts and services. *Business Day* of South Africa reported the operations were sold at an undisclosed "preferential sale price." The deal also gives ISM continued access to new IBM technology, including international engineering systems support, international terminal network, educational courses and access to IBM software and components at low prices.

IBM's 35-Year Partnership With Apartheid

IBM's South African subsidiary was established in 1952 installing its first computer in 1960. IBM has marketed and serviced a full range of computers, peripheral equipment, software and other information processing and business equipment in South Africa. Former IBM manager, now ISM Managing Director Clark, says the subsidiary contributed at least 0.5 percent of IBM's worldwide profits— about $24 million net income in 1986.

In 1986, 77 percent of IBM's South African employees and all of its top management were white. Black, Asian and colored employees were about 23 percent of the total 1,600 workforce. (South Africa's population is 85 percent black.) Insiders at the new company told the *Computer Mail* of South Africa that in 1986 staff cutbacks of 330 people (17 percent), reduced through voluntary separations, are yielding "incredible" profits in 1987. The percentage of black, Asian and colored workers remained the same. Further staff cuts are rumored.

Although IBM has lost some ground to competitors, it remains the computer market leader in South Africa:

- In 1986 IBM held almost 20 percent of the total South African computer market with estimated sales of $207 million.
- There are more than 500 IBM mainframe and midsized computers installed in South Africa. About half the mainframe computers installed in South Africa are IBM. IBM-compatible mainframes from other companies depend on IBM operating system software, magnifying its industry dominance.
- In 1985 IBM held about half of the personal computer market, 25 percent of the software market and almost 40 percent of the market in automatic bank teller machines.

IBM Plays a Strategic Role

In the past two decades the South African government and economy have become heavily dependent on computers relying almost entirely on imported computer equipment. Even the limited number of locally-assembled personal computers use imported components.

IBM says that it opposes apartheid, pledging not to "bid for business where we have reason to believe our products would be used to abridge human rights or for repressive purposes." But its record in South Africa shows a pattern of support for the government and apartheid.

In 1965 IBM unsuccessfully bid to supply computers for the passbook system, the identity document formerly used to control Africans under apartheid. In the 1970s two IBM mainframe computers were supplied for the Interior Department's "Book of Life" identity documents which register colored, Asian and white South Africans under apartheid.

Despite protests from antiapartheid and religious groups, in the early 1970s IBM sup-

An ICCR Brief appears in each edition of The Corporate Examiner, a monthly newsletter on corporate social responsibility. Each brief highlights a particular social area and focuses on one or more corporations. It also provides information about action options and resources for issues studied.

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plied at least four mainframe computers to the South African Defense Force. During this period IBM also supplied computers to the Atomic Energy Board; the Department of Prisons; the Council for Scientific and Industrial Research (CSIR), which coordinates civilian and military-related research projects nationwide; and to the National Institute of Telecommunications Research, a CSIR affiliate whose work includes projects for the military.

Public Sector Clients

Other IBM users listed in the 1985 South African *Computer Users Handbook* are the Industrial Development Corporation, a government agency which promotes strategic, often military-related, industrial projects; Electricity Supply Commission (ESCOM), which operates South Africa's two nuclear power reactors and coal-fired generating plants which are the country's main power source; South Africa Transport Services (SATS), which operates the railroads, airports, harbors and highways; South African Airways, a key link for international business and tourism; South African Broadcasting Corporation, a main propaganda vehicle for apartheid which controls all television and radio broadcasting; seven white municipal governments which enforce apartheid on the local level.

Private Sector Clients

In the private sector, IBM serves many of the largest corporations in South Africa, some of which also supply products to the military and police. South Africa's two largest banks, First National Bank and Standard Charter use IBM products, as do Caltex, Mobil, Shell and British Petroleum in the strategic oil industry. IBM sold computers to General Motors, Toyota, Leyland and Volkswagen, in the motor vehicle industry and Goodyear and Firestone in the tire and rubber sector.

Other IBM users are Barlow Rand, one of South Africa's largest companies whose subsidiaries include key military contractors; the Johannesburg Stock Exchange; several gold mining companies; and De Beers Consolidated Diamonds, whose mines in South African-occupied Namibia are the world's largest source of gem diamonds.

Can IBM Observe Limited Embargoes?

The 1986 United Nation's World Conference on Sanctions Against South Africa called for computers to be included in the arms embargo and barred completely from export to South Africa. The UN conference made this demand because limited sanctions are so difficult to enforce.

Nonetheless, the 1986 U.S. Comprehensive Anti-Apartheid Act of 1986 provides a list of police, military and apartheid-enforcing agencies barred from receiving U.S. computers. U.S. Commerce Department inspections of computers used in South Africa, have been criticized by members of Congress because only small numbers have been checked.

In 1985 the European Community, the Commonwealth countries and Japan also announced policies to bar computer exports to the South African police and military.

To comply with U.S. regulations, customers in South Africa must certify that computers will not be transferred to prohibited agencies, but there is little control over this. Recent comments by a South African computer company executive in the South African *Computer Mail* illustrate the problem with 1970s sanctions:

> It is interesting to note that despite the 1978 legislation, a substantial amount of U.S. computer equipment is currently installed in South Africa in those very entities which were embargoed.

Though IBM insists that it follows U.S. regulations, a company spokesman admitted, "It would be misleading to suggest that any manufacturer can totally control how its products are used." An IBM South Africa executive said, "Theoretically nothing at all" would prevent a customer from reselling computers to restricted agencies.

Tracking the end use of computers is complicated by South African government-mandated secrecy which blankets information about computers used by agencies subject to sanctions. At least five laws permit the South African government to order private companies to provide goods and services and to keep this secret. Embargoed agencies also can gain access to computers through timesharing arrangements over telephone lines.

Antiapartheid Pressues Grow

Nineteen states, seventy cities, 116 universities as well as religious bodies, trade unions and foundations have mandated divestment of some $20 billion in investments in corporations in South Africa. Thirty-five cities have enacted ordinances restricting purchases or giving preference in purchasing to companies depending on their involvement with South Africa.

More than eighty corporations have sold their South African subsidiaries, but most continue business there through successor companies like ISM. In a statement citing IBM, antiapartheid organizations called for continued pressures on these comp[illegible] charging that they "have not ended their l[illegible] with apartheid."

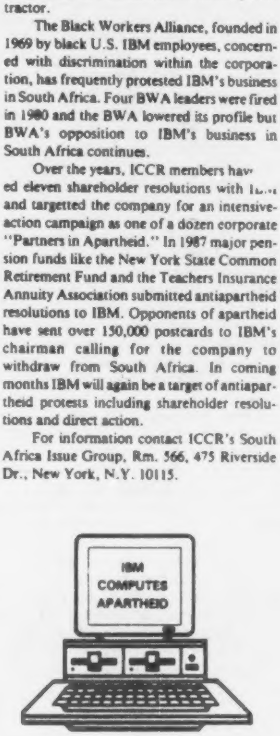
IBM Protests Continue

IBM has been a focus of anti-apartheid protests for fifteen years. In 1985 protests by employees of Scientific Systems, Inc. of Cambridge, Massachusetts halted the sale of 100 ruggedized (reinforced for industrial or military use) IBM personal computers to an IBM dealer in South Africa, found to be a shareholder in a South African military contractor.

The Black Workers Alliance, founded in 1969 by black U.S. IBM employees, concerned with discrimination within the corporation, has frequently protested IBM's business in South Africa. Four BWA leaders were fired in 1980 and the BWA lowered its profile but BWA's opposition to IBM's business in South Africa continues.

Over the years, ICCR members hav[illegible]ed eleven shareholder resolutions with I[illegible] and targetted the company for an intensive-action campaign as one of a dozen corporate "Partners in Apartheid." In 1987 major pension funds like the New York State Common Retirement Fund and the Teachers Insurance Annuity Association submitted antiapartheid resolutions to IBM. Opponents of apartheid have sent over 150,000 postcards to IBM's chairman calling for the company to withdraw from South Africa. In coming months IBM will again be a target of antiapartheid protests including shareholder resolutions and direct action.

For information contact ICCR's South Africa Issue Group, Rm. 566, 475 Riverside Dr., New York, N.Y. 10115.



TESTIMONY RE SOUTH AFRICA LEGISLATION

ALDRAGE B. COOPER, JR.
JOHNSON & JOHNSON
SENATE FOREIGN RELATIONS COMMITTEE
JUNE 24, 1988

GOOD MORNING, MY NAME IS AL COOPER, I AM DIRECTOR OF PUBLIC AFFAIRS FOR JOHNSON & JOHNSON. THANK YOU FOR GRANTING ME THE OPPORTUNITY TO PRESENT JOHNSON & JOHNSON'S VIEWS WITH REGARD TO SENATE BILL 2378.

WE AT JOHNSON & JOHNSON ARE OPPOSED TO THIS LEGISLATION BECAUSE IT WOULD FORCE US AND THE ENTIRE U.S. BUSINESS COMMUNITY TO WITHDRAW FROM SOUTH AFRICA. THAT, IN OUR OPINION, WOULD HARM THE VERY PEOPLE IT IS INTENDED TO HELP. WE BELIEVE THAT JOHNSON & JOHNSON AND THE U.S. BUSINESS COMMUNITY HAS A POSITIVE ROLE TO PLAY IN BRINGING ABOUT CHANGE IN THAT SOCIETY. WE RECOGNIZE THAT WE HAVE A LIMITED PRESENCE IN SOUTH AFRICA, BUT OUR PRESENCE HAS PERMITTED US TO ENGAGE IN VARIOUS ACTIVITIES OF SOCIAL RESPONSIBILITY THAT HAVE HAD A POSITIVE IMPACT ON THE LIVES OF MANY SOUTH AFRICANS.
WE CANNOT DO THAT IF WE ARE NOT THERE.

WE RECOGNIZE THAT WE ARE DEALING WITH MORE THAN DISCRIMINATION. WE ARE FIGHTING A SYSTEM THAT HAS INSTITUTIONALIZED SEGREGATION, A SYSTEM THAT IS IMMORAL.

OUR POSITION IS CLEAR. WE AT JOHNSON & JOHNSON ABHOR AND CONDEMN APARTHEID AND ALL THAT OPPRESSIVE AND INTOLERABLE SYSTEM STANDS FOR. WE CANNOT PRESUME TO PRESCRIBE DETAILED BLUEPRINTS FOR THE POLITICAL FUTURE OF THAT COUNTRY -- THAT IS FOR ALL SOUTH AFRICANS TO DECIDE -- BUT WE CAN AND DO STATE WHAT WE ARE FOR AS WELL WHAT WE ARE AGAINST. WE ARE AGAINST VIOLENT REVOLUTION AS AN ALTERNATIVE TO A PEACEFUL SOLUTION THROUGH SINCERE AND HONEST NEGOTIATIONS. WE ARE FOR A NEW SOUTH AFRICA WHERE ALL THAT HAS BEEN BUILT IS NOT DESTROYED BUT WHERE ALL THE SOCIAL, ECONOMIC, AND POLITICAL LIFE IS OPEN TO ALL ITS PEOPLE. WE SUPPORT THE RELEASE OF POLITICAL PRISONERS, AND THE UNBANNING OF THE ANC AND OTHER ORGANIZATIONS. WE ARE FOR THE REPEAL OF ALL APARTHEID LAWS INCLUDING THE GROUP AREAS ACT AND THE POPULATION REGISTRATION ACT.

WE ARE FOR A FREE DEMOCRATIC POLITICAL PROCESS AND A FREE ENTERPRISE ECONOMIC SYSTEM, OPEN TO EVERYONE. WE HAVE EXPRESSED THAT POINT OF VIEW TO THE SOUTH AFRICAN GOVERNMENT, AND WE'VE DONE THAT QUITE OFTEN.

JOHNSON & JOHNSON IS ONE OF THE LARGEST AND THE MOST DIVERSIFIED HEALTH CARE CORPORATIONS IN THE WORLD TODAY WITH SALES LAST YEAR EXCEEDING $8 BILLION. WE HAVE OVER 160 INDEPENDENT UNITS IN 56 COUNTRIES AROUND THE GLOBE. WE INCORPORATED IN SOUTH AFRICA IN 1930 AND TODAY WE HAVE THREE INDEPENDENT COMPANIES INDIVIDUALLY SERVICING OUR THREE MAIN FRANCHISES -- CONSUMER, HOSPITAL, AND PHARMACEUTICAL PRODUCTS. COLLECTIVELY THEY EMPLOY 1400 SOUTH AFRICANS, OVER 60 PERCENT OF WHOM ARE BLACK AND ARE REPRESENTED THROUGH ALL LEVELS OF THE ORGANIZATION INCLUDING SENIOR MANAGEMENT.

TODAY OUR SALES IN SOUTH AFRICA ACCOUNT FOR LESS THAN 1% OF OUR WORLDWIDE TOTAL, AND PROFITS IN THAT COUNTRY ARE LESS THAN 0.5 %. OUR RELATIVELY MODEST PROFIT PERFORMANCE IS AFFECTED NOT ONLY BY THE STATE OF THAT ECONOMY BUT ALSO BY OUR DECISION TO SPEND CONSIDERABLE SUMS OF MONEY ON AFFIRMATIVE ACTION, BLACK ADVANCEMENT, EDUCATION, AND COMMUNITY OUTREACH PROGRAMS FOR BLACKS.

ONE SUCH PROGRAM, A SCIENCE AND MATHEMATICS ENRICHMENT PROGRAM IN THE FUNDA CENTER IN SOWETO HAS BEEN SERIOUSLY DAMAGED BY THE ANNOUNCED WITHDRAWAL OF SEVERAL U.S. FIRMS. THE PROGRAM HAS ENRICHED THE TEACHING SKILLS OF SCORES OF BLACK SOUTH AFRICAN TEACHERS, THEREBY MEASURABLY IMPROVING THE ACHIEVEMENT LEVELS OF

THOUSANDS OF BLACK STANDARD FIVE MATHEMATICS AND SCIENCE STUDENTS. DURING MY LATEST VISIT TO SOUTH AFRICA LAST MONTH, I LEARNED FROM THE PROGRAM DIRECTOR THAT THE ANNOUNCED WITHDRAWALS RESULTED IN SIGNIFICANTLY LESS PROGRAM FUNDING,, ADVERSELY IMPACTING THE GROWTH OF THE PROGRAM AND POTENTIAL BLACK ECONOMIC STRENGTH.

IT IS BLACK ECONOMIC STRENGTH, PARTICULARLY CONSUMER PURCHASING POWER AND A STRONG ORGANIZED WORK FORCE, THAT IS THE MOST POTENT WEAPON FOR INTERNAL PRESSURE THAT IS AVAILABLE TO BLACK SOUTH AFRICA. A WEAK ECONOMY IS AN ECONOMY OF EXCLUSION WHICH WILL LEAD TO GREATER UNEMPLOYMENT AND LESS EFFECTIVE INCOME DISTRIBUTION. THIS, IN TURN, WILL RESULT IN LESS BLACK ECONOMIC EMPOWERMENT AND A LESS EFFECTIVE TRADE UNION IMPACT.

SANCTIONS THAT SUCCEEDED IN INFLICTING ECONOMIC DAMAGE WOULD HAVE REGRESSIVE EFFECTS ON BOTH EMPLOYMENT AND INCOME DISTRIBUTION, ONE OF THE UNINTENDED CONSEQUENCES OF DISINVESTMENT OF U.S. FIRMS.

AN EXPANDING ECONOMY PLAYS A VITAL ROLE IN THE BLACK URBANIZATION OF SOUTH AFRICA CONTRIBUTING TO THE REPEAL OF INFLUX CONTROL AND THE PASS LAWS, THE ELIMINATION OF JOB RESERVATION LAWS AND CHANGES IN THE LABOR LAWS.

BY FORCING U.S. BUSINESS WITHDRAWAL, THERE WILL BE THE SILENCING OF A POSITIVE AND PROGRESSIVE ANTI-APARTHEID VOICE AND THE REMOVAL OF THE LAST VESTIGE OF LEVERAGE THE U.S. WILL HAVE AGAINST THE EVILS OF THAT GOVERNMENT. WE THINK OUR PRESENCE IN SOUTH AFRICA HELPS ACHIEVE THE ECONOMIC, EDUCATIONAL, AND POLITICAL ASPIRATIONS OF SOUTH AFRICAN BLACKS AND IS THE MOST EFFECTIVE MEANS WE HAVE TO COMBAT INJUSTICE IN THAT SOCIETY.

WE BELIEVE U.S. STATEMENTS AND ACTIONS REGARDING DISINVESTMENT WILL NOT ALTER THE SOUTH AFRICAN GOVERNMENT'S COURSE. WHAT IS NEEDED IS A MORE EFFECTIVE STRATEGY TO BRING ABOUT THE PROCESS OF DISMANTLING APARTHEID, AND WE NEED TO REMIND OURSELVES THAT BRINGING ABOUT A POST-APARTHEID SOUTH AFRICAN SOCIETY IS A PROCESS AND NOT AN EVENT.

AT THIS TIME IN SOUTH AFRICA ALL ORGANIZATIONS THAT FAVOR REFORM SHOULD BE ENCOURAGED TO PERSIST WITH THEIR OPPOSITION TO APARTHEID. GIVEN THE RECORD OF AMERICAN COMPANIES IN THE FIELD OF SOCIAL JUSTICE, EDUCATION, BLACK ADVANCEMENT, AND COMMUNITY DEVELOPMENT, IT IS ILLOGICAL TO ATTEMPT TO FORCE THEM FROM THE STAGE.

THE UNINTENDED CONSEQUENCES OF DISINVESTMENT CAN INCLUDE HIGHER RATES OF UNEMPLOYMENT AMONG BLACK SOUTH AFRICANS, A DRAMATIC LOWERING OF EDUCATIONAL OPPORTUNITIES, AN EVEN POORER QUALITY OF HEALTH CARE, AND A MORE INTRACTABLE SOUTH AFRICAN GOVERNMENT, WITH NO REGARD FOR SOCIAL JUSTICE. THERE ARE TIMES WHEN ONE HAS THE CHOICE OF BEING PART OF THE PROBLEM OR PART OF THE SOLUTION. OUR DECISION TO REMAIN IN SOUTH AFRICA IS THE RESULT OF MAKING THE LATTER CHOICE. WE BELIEVE IT IS BETTER TO FACE THE EVIL AND WORK TOWARDS ITS ERADICATION THAN TO WITHDRAW FROM IT.

IF ALL U.S. BUSINESSES WITHDRAW FROM SOUTH AFRICA, THEY WILL DO SO WITHOUT COMING CLOSE TO BRINGING THE GOVERNMENT TO ITS KNEES. COMPANIES LEAVING SOUTH AFRICA WILL BE SOLD AND TAXES WILL CONTINUE TO BE PAID. OWNERSHIP WILL MOVE INTO NEW FOREIGN OR LOCAL HANDS. COMPANIES DO NOT DEMOLISH THEIR FACTORIES, MACHINERY AND OFFICES, THEY FIND A BUYER, A FIDUCIARY RESPONSIBILITY ALL MANAGEMENTS HAVE TO THEIR SHAREHOLDERS. THERE ARE MANY FOREIGN FIRMS INTERESTED IN ACQUIRING SUCH ASSETS. MORE IMPORTANTLY, THERE ARE LARGE LOCAL SOUTH AFRICAN INSTITUTIONAL INVESTORS WHO ARE NOT ALLOWED TO INVEST ABROAD, AND ARE EAGER TO BUY SOLID FOREIGN-OWNED BUSINESSES AT BARGAIN PRICES. WE HAVE HAD SEVERAL OFFERS.

SUPPORTERS OF SENATE BILL 2378 ARE URGING THE REMOVAL OF U.S. BUSINESS FROM SOUTH AFRICA. WE BELIEVE THEY SHOULD ASK THEMSELVES AT LEAST 3 QUESTIONS:

HOW IS DISINVESTMENT SUPPOSED TO END APARTHEID?

HAVE THE BLACK SOUTH AFRICANS WHO ARE MOST LIKELY TO FEEL THE NEGATIVE AFFECTS OF DISINVESTMENT BEEN CONSULTED? AND

WHEN THE STRUCTURES FOR BLACK ECONOMIC AND SOCIAL DEVELOPMENT ARE REMOVED, WHAT STRUCTURES WILL REPLACE THEM?

THESE THREE QUESTIONS THEN PROVOKE ONE FUNDAMENTAL QUESTION: "WHAT SORT OF SOUTH AFRICA DO WE WANT TO SEE IN AN ERA BEYOND APARTHEID?" THOSE WHO SEEK TO DAMAGE THE SOUTH AFRICAN ECONOMY NOW SHOULD REALIZE THAT A CRIPPLED ECONOMY IS NOT IN THE BEST INTEREST OF A NEW SOUTH AFRICA THAT IS SHARED BY ALL OF THE PEOPLE.

THANK YOU ONCE AGAIN FOR PERMITTING ME TO REPORT ON JOHNSON & JOHNSON'S POSITION ON SENATE BILL 2378.

♦

TESTIMONY BY

JOHN J. BANOVIC, SECRETARY TREASURER
UNITED MINE WORKERS OF AMERICA

SANCTIONS ON SOUTH AFRICA
SENATE FOREIGN RELATIONS COMMITTEE
WASHINGTON, D.C.
JUNE 24, 1988

MR. CHAIRMAN, MY NAME IS JOHN BANOVIC. I AM THE INTERNATIONAL SECRETARY-TREASURER OF THE UNITED MINE WORKERS OF AMERICA. I APPRECIATE THE OPPORTUNITY TO PRESENT THE VIEWS OF COAL MINERS TO THE MEMBERS OF THIS COMMITTEE. THE UMWA REPRESENTS THE VAST MAJORITY OF COAL MINERS IN THE UNITED STATES AND CANADA. OUR UNION HAS ABOUT ONE-QUARTER MILLION WORKING, RETIRED AND UNEMPLOYED MEMBERS IN NORTH AMERICA.

THE CAMPAIGN TO END APARTHEID IS NOT A NEW ONE FOR THE UNITED MINE WORKERS. AS FAR BACK AS THE 1940S, JOHN L. LEWIS HAD CONTACTS WITH AND SUPPORTED THE SOUTH AFRICAN MINE WORKERS UNION. IN 1958, THE UNION REITERATED ITS POSITION THAT IT IS "UNALTERABLY OPPOSED TO RACIAL, RELIGIOUS, OR NATIONAL DISCRIMINATION," AND URGED CONTRIBUTIONS TO A DEFENSE FUND ESTABLISHED TO DEFEND POLITICAL PRISONERS IN SOUTH AFRICA. AND WE HAVE BEEN PARTICULARLY ACTIVE SINCE THE EARLY 1970S ON THE LOCAL, STATE, AND NATIONAL LEVEL CAMPAIGNING FOR DIVESTMENT AND SANCTIONS.

WORKING PEOPLE IN THIS COUNTRY ARE VERY CONCERNED ABOUT THE ABOMINATION OF SOUTH AFRICA'S RACIST SYSTEM OF APARTHEID. THE QUESTION FOR THE AMERICAN PEOPLE MUST BE: HOW CAN WE MINIMIZE THE BLOODSHED AND PROMOTE POLITICAL FREEDOM AND ECONOMIC JUSTICE? THE ANSWER IS THAT POLITICAL AND ECONOMIC PRESSURE MUST BE IMPOSED ON THE SOUTH AFRICAN GOVERNMENT IMMEDIATELY. WE MUST REMOVE THE SUPPORT OUR COUNTRY CONTINUES TO GIVE TO THE MAINTENANCE OF APARTHEID.

THIS IS WHY THE UMWA SUPPORTS COMPREHENSIVE MANDATORY SANCTIONS AGAINST SOUTH AFRICA. ALTHOUGH CONGRESS TOOK AN IMPORTANT FIRST STEP IN PASSING SANCTIONS LEGISLATION IN 1986, THE BILL CONTAINED ONLY VERY LIMITED SANCTIONS. THE PRESENT SANCTIONS AFFECT ONLY ONE-THIRD OF U.S. IMPORTS FROM SOUTH AFRICA, AND VIRTUALLY NO EXPORTS. PARTIAL SANCTIONS PRODUCE PARTIAL RESULTS.

WE IN THE AMERICAN LABOR MOVEMENT LOOK TO THE BLACK TRADE UNIONS FOR GUIDANCE ON THE QUESTION OF SANCTIONS. THE UNITED MINE WORKERS OF AMERICA MAINTAINS CLOSE FRATERNAL TIES WITH THE NATIONAL UNION OF MINEWORKERS OF SOUTH AFRICA, THE LARGEST UNION IN THE CONGRESS OF SOUTH AFRICAN TRADE UNIONS--COSATU. AT ITS FOUNDING CONVENTION IN DECEMBER 1985, COSATU SPOKE LOUDLY AND CLEARLY:

> "INTERNATIONAL PRESSURE...INCLUDING DISINVESTMENT OR THE THREAT OF DISINVESTMENT IS AN ESSENTIAL AND EFFECTIVE FORM OF PRESSURE ON THE SOUTH AFRICAN REGIME AND WE SUPPORT IT."

THE BLACK UNIONS AND OTHER SIGNIFICANT BLACK ORGANIZATIONS IN SOUTH AFRICA CONSIDER ANYTHING LESS THAN THIS AS INADEQUATE.

THE UNITED MINE WORKERS STRONGLY SUPPORTS S. 2378, INTRODUCED BY SENATORS KENNEDY, CRANSTON, AND WEICKER. THIS

BILL SPELLS OUT THE TYPE OF U.S. POLICY THAT THE BLACK UNIONS, CHURCHES, AND COMMUNITY GROUPS IN SOUTH AFRICA ARE CALLING FOR. THIS LEGISLATION DESERVES THE SUPPORT OF THIS COMMITTEE AND THE FULL SENATE.

I WOULD LIKE TO FOCUS MY REMARKS TODAY ON ONE SECTION OF THIS BILL--SECTION 3, ENTITLED, "PROHIBITION REGARDING INVOLVEMENT IN THE SOUTH AFRICAN ENERGY SECTOR."

SECTION 3 PROHIBITS U.S. PERSONS FROM TRANSPORTING CRUDE OR REFINED PETROLEUM PRODUCTS TO SOUTH AFRICA, AND PROHIBITS THE ISSUANCE OF ANY MINERAL LEASE BY THE SECRETARY OF THE INTERIOR TO "ANY NATIONAL OF THE UNITED STATES WHICH IS CONTROLLED BY, OR UNDER COMMON CONTROL WITH, ANY FOREIGN PERSONS WHO PURCHASES, ACQUIRES, OWNS, OR HOLDS ANY INVESTMENT IN SOUTH AFRICA; OR WHO EXPORTS CRUDE OIL OR REFINED PETROLEUM PRODUCTS TO SOUTH AFRICA." I WOULD ALSO HIGHLIGHT THAT SECTION 2 MANDATES THE DISINVESTMENT OF U.S.-BASED OIL MULTINATIONALS FROM SOUTH AFRICA.

SECTION 3 DESERVES SUPPORT FOR SEVERAL REASONS. FIRST, IT TARGETS A PARTICULAR INDUSTRY WHERE ADDITIONAL SANCTIONS WOULD BE ESPECIALLY EFFECTIVE. THAT AREA IS OIL. OIL IS A STRATEGIC AND ESSENTIAL COMMODITY NECESSARY FOR THE SURVIVAL OF THE SOUTH AFRICAN GOVERNMENT.

WITHOUT OIL, THE SOUTH AFRICAN MILITARY COULD NOT MAINTAIN ITS ARMY, AIR FORCE, AND NAVY. WITHOUT OIL, THE SOUTH AFRICAN MILITARY AND POLICE COULD NOT INVADE AND OCCUPY THE BLACK TOWNSHIPS INSIDE SOUTH AFRICA AND MAINTAIN THE SYSTEM OF APARTHEID. WITHOUT OIL, THE SOUTH AFRICAN MILITARY COULD NOT CONTINUE ITS ILLEGAL OCCUPATION OF NAMIBIA. WITHOUT OIL, SOUTH AFRICA COULD NOT CONTINUE ITS INVASIONS AND AIR BOMBINGS OF THE FRONT LINE STATES.

OIL IS SOUTH AFRICA'S ACHILLES HEEL. SOUTH AFRICA HAS NO COMMERCIALLY EXPLOITABLE OIL DEPOSITS OF ITS OWN, NOR DOES IT HAVE SUFFICIENT STOCKS OF OIL TO LAST MORE THAN A YEAR OR TWO. IN FACT, ACCORDING TO SOUTH AFRICAN PRESIDENT P. W. BOTHA, AT ONE POINT IN 1983, SOUTH AFRICA HAD ENOUGH OIL TO SATISFY ITS NEEDS FOR ONLY ONE WEEK.

ONLY A VERY FEW OIL COMPANIES--ROYAL DUTCH/SHELL, BRITISH PETROLEUM, AND TOTAL, BASED IN EUROPE, AND MOBIL, CHEVRON AND TEXACO, BASED IN THE U.S.--ACTUALLY SUPPLY THIS PRECIOUS PETROLEUM TO THE SOUTH AFRICAN GOVERNMENT.

SOUTH AFRICAN LAW REQUIRES MULTINATIONAL OIL COMPANIES TO SUPPLY FUEL TO THE SOUTH AFRICAN MILITARY AND POLICE, THE BRUTAL ENFORCERS OF APARTHEID. IT ALSO ALLOWS THE REGIME TO TAKE OVER OIL OPERATIONS IN A "NATIONAL EMERGENCY," AND

CLASSIFIES OIL AS A "MUNITION OF WAR." THE OIL COMPANIES PAY SOME OF THE HIGHEST TAXES TO THE SOUTH AFRICAN GOVERNMENT, AND SUPPLEMENT THE PAY OF ARMY PERSONNEL. ALL OF THE NICE TALK BY THESE OIL COMPANIES ABOUT HOW THEY ARE OPPOSED TO APARTHEID CANNOT ERASE THESE FACTS.

CLEARLY, MR. CHAIRMAN, IF THE SOUTH AFRICAN GOVERNMENT RECOGNIZES OIL AS A MUNITION OF WAR, THE U.S. GOVERNMENT SHOULD RECOGNIZE IT AS SUCH ALSO. YET, DESPITE THE FACT THAT THERE EXISTS A MANDATORY ARMS EMBARGO AGAINST SOUTH AFRICA, OIL MULTINATIONALS WHICH PROFIT HANDSOMELY FROM THE AMERICAN MARKET ARE ALLOWED TO SUPPLY SUCH "MUNITIONS" TO THE SOUTH AFRICAN MILITARY AND POLICE. OUR GOVERNMENT HAS TOLD THESE OIL COMPANIES TO LEAVE VARIOUS COUNTRIES, INCLUDING LIBYA AND SYRIA, FOR FOREIGN POLICY REASONS. WE SHOULD END THE DOUBLE STANDARD THAT ALWAYS SEEMS TO APPLY TO SOUTH AFRICA, AND END THE OIL FLOW TO THE APARTHEID REGIME.

THIS PROVISION IS UNIQUE FOR ANOTHER REASON. FOR THE FIRST TIME, SANCTIONS WILL HAVE A MULTILATERAL EFFECT, INSTEAD OF A UNILATERAL ONE. BY DENYING FOREIGN-BASED MULTINATIONALS THE PRIVILEGE TO BID ON U.S. OIL, GAS OR COAL LEASES IF THEY SUPPLY SOUTH AFRICA WITH OIL, CONGRESS WILL BE EFFECTIVELY ENSURING THAT EUROPEAN-BASED OIL COMPANIES DON'T FILL THE GAP LEFT BY DEPARTING U.S.-BASED COMPANIES. CLEARLY, WHEN GIVEN THE CHOICE

BETWEEN THE SOUTH AFRICAN MARKET--WHICH IS MINUTE--AND THE AMERICAN MARKET--WHICH IS THE LARGEST IN THE WORLD--THE EUROPEAN-BASED OIL MULTINATIONALS WILL CHOOSE AMERICA OVER APARTHEID. THE U.S. CONGRESS HAS THE RIGHT AND RESPONSIBILITY TO ENSURE THAT CORPORATIONS WHICH EXTRACT AND PROFIT FROM THE AMERICAN PUBLIC'S LAND ARE GOOD CORPORATE CITIZENS WHO ARE NOT SUPPORTING REGIMES WHICH VIOLATE HUMAN RIGHTS. THESE ARE THE AMERICAN PEOPLE'S NATURAL RESOURCES AND LAND, NOT THE PRIVATE STOCK OF MULTINATIONAL CORPORATIONS WHICH HAVE NO LOYALTY TO OUR COUNTRY.

MR. CHAIRMAN, THESE REASONS WOULD BE SUFFICIENT TO PASS THIS BILL AND CHANGE U.S. POLICY FOR THE BETTER. BUT LET ME GIVE ONE FINAL REASON: JOBS. YES, THIS LEGISLATION WOULD HELP BOLSTER JOBS IN THE AMERICAN COAL INDUSTRY.

THE REASON WHY IS SIMPLE. THE SOUTH AFRICAN GOVERNMENT HAS MADE A DIRECT CONNECTION BETWEEN THE SUPPLY OF OIL TO SOUTH AFRICA AND THE MINING AND EXPORT OF COAL FROM SOUTH AFRICA. IN 1979, FOLLOWING THE FALL OF THE SHAH OF IRAN WHO SUPPLIED PRETORIA WITH AN ESTIMATED 90 PERCENT OF ITS OIL, THE SOUTH AFRICAN GOVERNMENT BECAME TREMENDOUSLY WORRIED ABOUT WHERE IT WOULD OBTAIN ITS OIL. AS AN EXTRA INCENTIVE TO THE EUROPEAN OIL MULTINATIONALS--SHELL, BP AND TOTAL--PRETORIA GRANTED THESE COMPANIES CONCESSIONS TO MINE AND EXPORT COAL IN RETURN FOR A

GUARANTEE TO CONTINUE SUPPLYING PRETORIA WITH OIL. CHRIS HEUNIS, SOUTH AFRICA'S MINISTER FOR ECONOMIC AFFAIRS, STATED IN MAY 1979 THAT THE COAL EXPORT QUOTAS FOR THESE MULTINATIONALS "HAVE BEEN SUBJECTED TO THE CONDITIONS THAT THEY CONTINUE TO FULFILL THEIR OBLIGATIONS IN SUPPLYING PETROLEUM FUEL TO THIS COUNTRY." THESE COMPANIES JUMPED AT THE OPPORTUNITY TO EXPLOIT BLACK SOUTH AFRICAN MINE WORKERS (WHO AT THE TIME WERE NOT EVEN ALLOWED THEIR OWN UNION) AND PAY THEM SLAVE WAGES, GARNERING THE COMPANIES TREMENDOUS PROFITS. THE SOUTH AFRICAN GOVERNMENT FURTHER BENEFITED BY THE INCREASE IN FOREIGN EXCHANGE EARNINGS FROM THE EXPORT OF ITS COAL ONTO THE WORLD MARKET--WORTH $1.6 BILLION IN 1986.

THE RESULT OF THIS "DIRTY DEAL" HAS BEEN INCREASED HARDSHIP FOR AMERICAN COAL MINERS WHO ARE BEING ASKED BY THESE SAME COMPANIES TO "COMPETE" WITH APARTHEID-MINED COAL IN SOUTH AFRICA. THE AIM OF THESE MULTINATIONALS HAS BEEN TO LOWER THE STANDARD OF LIVING OF COAL MINERS TO THE LOWEST INTERNATIONAL COMMON DENOMINATOR. BY PULLING THESE OIL COMPANIES OUT OF SOUTH AFRICA, CONGRESS WILL NOT ONLY BE STEPPING ON PRETORIA'S OIL LIFELINE, IT WILL ALSO SLOW THE FLOODING OF THE WORLD MARKET OF SOUTH AFRICAN COAL, AND HELP AMERICAN WORKERS AT THE SAME TIME.

FURTHERMORE, NOT ONE JOB IN THE U.S. OIL, GAS, OR COAL INDUSTRIES WILL BE LOST AS A RESULT OF THIS PROVISION. THE

ASSUMPTION OF THIS SECTION IS THAT THE OIL COMPANIES ARE RUN BY INTELLEGENT PEOPLE WHO ARE GOOD BUSINESSMEN. THERE IS NOT ONE OIL COMPANY THAT WOULD SACRIFICE ITS BUSINESS IN THE U.S. FOR ITS BUSINESS IN SOUTH AFRICA. IT IS OUR BELIEF THAT NOT ONE NEW FEDERAL LEASE WILL BE SACRIFICED FOR APARTHEID. BUT, IF FOR SOME REASON, ONE OF THE OIL COMPANIES DECIDES TO CHOOSE THE MILLIONS IT MAKES IN SOUTH AFRICA OVER THE BILLIONS IT MAKES IN AMERICA, THERE ARE PLENTY OF OTHER OIL, GAS, AND COAL COMPANIES THAT WILL GLADLY TAKE THEIR PLACE AND USE THE FEDERAL LEASES. IT IS TOTALLY FALSE TO SAY THAT OIL OR GAS WORKERS WILL LOSE JOBS. AND, AS I HAVE SAID, IN THE COAL INDUSTRY, WE WILL GAIN JOBS.

THE TIME FOR MANDATORY, COMPREHENSIVE SANCTIONS AGAINST SOUTH AFRICA HAS LONG SINCE PAST. LET US AS A GOVERNMENT EMBRACE THE DEMOCRATIC PRINCIPLES OF FREEDOM AND JUSTICE FOR ALL SOUTH AFRICANS, INSTEAD OF THE FORCES OF RACISM, OPPRESSION, AND BUSINESS AS USUAL. LET US HAVE A POLICY ALL AMERICANS CAN BE PROUD OF.

THANK YOU.

The South African Experience: A Renaissance Perspective

The following report was compiled by a group of Renaissance Women that traveled to South Africa in October of 1987 for the specific purpose of fact-gathering. The results of their findings are reflected in an open commentary format but are based on conversations, observations and research acquired during their month-long tour.

The report contains a list of arranged meetings and the individulas they encountered as well as significant statements made by these leaders during these meetings.

Renaissance Women "Fact-finding" Trip to South Africa. . .

Participants:

Nina May, Chairman
Jane Chastain
Dee Jepsen
Mary McDonald
Karen Shadish

Dates:

October 3 to 25, 1987

Meetings With:

(In chronological order)

Prof. D. Fourie, Professor in Strategic Studies, University of South Africa (UNISA)

Col. Marita Koen, Spokesman for South African Defense Council

Brig. Gen. Prinsloo

Professor J. Piron, Prof. of Labor Law, Univ. South Africa (UNISA)

Prof. R.D. Coertze, Dept. of Anthropology, Univ. Pretoria

Prof. Du Toit, Moderator, Dutch Reformed Church for Northern Transvaal

Mrs. Margaret Lessing, President, Women's Forum

Dr. N. Motlana, President of the Soweto Civic Association

Dr. Lucy Mvubelo, former President of the SA National Union of Clothing Workers

Rev. Ray McCauley of Rhema Church in Johannesburg

Mrs. M.E. Robertson, Foreign Trade Secretary of the Association of Chambers of Commerce

Mrs. A. Nutt, President of KONTAK Womens Group

Mr. D. Crous, Marketing, Small Business Development Corporation

Spokesman for the SA Institute of International Affairs

Mrs. Elizabeth Mudell and members of Women for Peace

Members of American Man-to-Man Committee, SA Foundation

Dr. Oscar Dhlomo, Minister of Education of KwaZulu, Secretary of Inkatha

Members of Kwa/Natal Indaba, Mrs. T. Mkhize and Mrs. D. Rajah

Col. R. Van Zyl, South African Women's College

Mayoress of Capetown

Arch Bishop **Desmond Tutu**

Rev. and Mrs. Nevell McDonald (CapeTown Church)

Margaret Williamson, editor for the Argus, a Cape Town Daily newspaper

Mr. V. **Mashumi,** Public Official of Mamelodi Township

Dr. J. du **Plessis,** Sovietologist

*NOTE:

We also met with several people who would speak to us only on the condition that their identities not be disclosed.

Places Visited:

Pretoria
Johannesburg
Durban
Ulundi (Capital of KwaZulu)
Port Elizabeth
George
Cape Town
Soweto Township
Mamelodi Township
Kayalicha Township
Cross Roads

Notable Quotes from Meetings:

Velelemi Mashumi. . .Official of Mamelodi Township

"Violence is not the answer, negotiation is. But economic instability breeds violence. . .we need your help not your judgement.":

"There have been tremendous changes: pass laws, influx laws, mix-marriage laws, .Buying Lands Act."

"We don't look at man's color, we look at his ability. We must learn the skills from the whites, then run our own affairs. And we must be realistic about it."

"For change to be lasting it must be gradual. A revolution would repeat the mistakes of Rhodesia (Zimbabwe) which is now economically destroyed. The changes must be like a snake shedding its skin. Only when the new one is strong enough to replace the old one, does the snake leave the old."

"The first family moved here in 1953, there are now more than 350,000 people in Mamelodi, and 17,000 housing units, about 70% are owned by the people who live in them. All areas were put under Bantu Administration Board, (1968) and all blacks were represented. In 1973, the government decided to have Committee Council's Act for self-government. They now elect their own representatives.

"The Black Local Authorities Act--1973-- . . .were run jointly by the Administration Board and Council then there was a conflict between Bantu Board and Council and it was abolished, now [it is] totally run by councilors that are elected at large."

Mrs. M.E. Robertson, Foreign Trade Sec., for Assoc. of Chambers of Commerce. . .

"Without strong economy you can't maintain stability."

"NAFCOC is the largest black Chamber of Commerce. South African Black Taxi Assoc. has 40,000 members and they open every meeting in prayer."

"The largest inconvenience is our inability to fly directly to U.S."

"Disinvestment lost America's influence and jobs for blacks. And the effect of sanctions has given the government a strong right wing because of security issues."

"Japan has taken over a lot of America's trade. Most have been 'buy-outs.'"

Prof. A.B. Du Toit, Dean of Faculty of Theology. . .

"During Boer war, Afrikaaners were abused and impoverished by the British so there was much resentment toward the British. By early 1940's, the Afrikaans worked to gain respect and power, and by 1948 they were elected to positions of power within the government. They developed Apartheid based on Biblical teachings. ("Keep Israel separate from other nations.")
And Genius. .."God created everything according to their kind."
Acts 17:26--"From one man he made a nation of many. . ."

Preservation vs. Segregation:

"It proved unjust because a lot groups were resettled. 1974, 1978, 1986 saw changes in the policy. It was decided that apartheid had no Biblical basis at all. In 1986, this was decided at the National Senate of Churches. There was an uproar by people in the rural areas, but the majority of South Africans agree with the decision."

"Revival is necessary for saving our country."

On Disinvestment:

"Disinvestment has hardened the fronts. . .increased hostilities because it seems as though the U.S. did it because of racial motivation. Many blacks are starving, looting farms. Most black men don't like sanctions. White people have a psychological reaction. . .they'll change when they want, not when they are forced. There is a stubbornness born into them."

"ANC has symbolic value for blacks, they appreciate their intentions, but it retards the process. It puts a schism between the groups."

Prof. R.D. Coertze, Anthropology, Univ. Pretoria. . .

"The only African nation south of Equator that can feed its own population is South Africa, and they feed others."

"There are 9 different radio services in different languages. They have their own announcers, programs, etc. All the tribal languages are living languages. To assert there is no distinction between the tribes, culturally, morally and linguistically is to reject the most obvious fact about the country."

"Black tribes are harder to integrate than black and white together. The break down in population of the tribes are: Zulu, being the largest with 6 million, whites with 4.5 mil, coloreds with 2.5 mil., Sotho with 1.8 mil, Xhosa 1.8 mil., and all others make up the remaining 6 mil. South African population."

Arch Bishop Desmond Tutu and Secretary Lavinia Brown. . .

(After telling Bishop Tutu that we have had the opportunity to speak with many people in his country about the effect of sanctions and that the large majority [all but one. . .Dr. Motlana] said they disapproved and thought they were not only ineffective but detrimental, his reply was. . .)

"You'll find a lot of people with different opinions [about sanctions], this is a free country, you are free to express your opinions. But you Americans, you are doing very well (laughter) we are very proud of you."

"Communism is a red herring of the government. Your Western ideas of communism and the reality of it in Africa are totally different. It works here because its not really communism. But apartheid is so awful that even a communist government would be better."

"We couldn't fall to communism because we are too economically advanced."

"South Africa is not a free market, it is run by the government and it certainly isn't a democracy."

Dr. U. Motlana, President of Soweto Civic Association. . .

"Whites never refer to themselves as Africans [in South Africa], they are Europeans." (This was denied by every white we questioned. They compared our histories and pointed out that if that were the case we as Americans should also refer to ourselves and Europeans because our roots are similar).

"My daughter was denied entrance to my Alma Mater because of her race." (We asked how it could be his Alma Mater if they denied blacks entrance. He overlooked the question.)

"Blacks are not allowed to own their own businesses. If anything they are forced do only menial labor. Blacks are in this country only to serve the whites." (This was said at the very moment a white waiter placed his food in front of him. It was a very humorous contradiction and one in which he did not notice.)

*Note: Following this luncheon with Dr. Motlana, we were taken on a tour of the facilities of the Small Business Development Corporation which is a quasi-government agency that provides loans and assistance to blacks who want to begin their own businesses. We even had an opportunity to buy some of their goods.

"I was there when it all started. I was Secretary of the ANC at 18 in 1949 and developed many friends. . .I spent one year in jail with Winnie Mandella in 1960." (He would not tell us why he was arrested and what charges were brought he only continued his vocal attack on the government).

"My foundation called 'Get Ahead' receives money from AID and the World Council of Churches among others."

Dr. Oscar Dhlomo, Secretary of Inkatha and Chief Buthelezi's friend and co-worker. . .

"The other African nations have the symbols of power, AK47's and flags of the revolution, but they can't feed themselves."

"What will replace apartheid when it is dismantled? Apartheid is not a modern problem. It's old and almost solved. It arouses emotion. . .generates more heat than light. We want to inherit South Africa intact, not destroy it."

"All struggles will be in vain if we can't give an economically stable country back to the people. Don't destroy South Africa with apartheid. We must be very selective in our manner of destruction of apartheid."

"We reject sanctions and disinvestment as well as apartheid. Some people will do anything to abolosh apartheid. . .that is wrong. Those who would impose sanctions have no regard for the people of South Africa, only those who administer apartheid.

"The ANC has socialistic policies for the redistribution of wealth. Inkatha supports the free market and peaceful change, the ANC would change things through armed insurrection."

"The ANC is closely associated with the communisst party, they want to nationalize all resources. We want to give everyone an opportunity at employment and personal growth."

"75% of blacks want non-violence."

"South Africa is one and should have no homelands, Kwazulu refuses to acept homeland status."

"Indaba arises out of a desire for a united peaceful state. if it works in Natal, why not nationally. Not a single one of the 38 negotiating parties had fore knowledge of solutions of policies that were adopted, so it can work nationally. We have a vision of a united South Africa, not of separate non-viable country."

"Indians have two life insurance policies--one black, one white, and they are waiting to see which matures first."

Brig. Gen. Prinsloo. . . (on the military). . .

"All young white men must go for two years of military service. . .blacks are volunteer only. A citizen force requires 12 years service and you can go for either 30 days training or 90 days operational service."

"South Africa had 230,000 men serving in WWI and 406,000 in WWII, all volunteer."

"Because of Kennedy/Wilson arms embargo against South AFrica, we began manufacturing our own and are no longer buying but are even selling as well."

Dr. J. Du Plessis, Sovietologist. . .

"The North African Strategy by the Soviets is called the pincer movement which began in 1969 with Libya and Afghanistan being both sides. There are now 565 Soviet MIG jets in Libya and the fate of Afghanistan is yet to be determined. Ethiopia was conquered by the Soviets through starvation which was man-made. There are 1.5 million people being butchered in Africa yearly under communist rule. Blacks admire and respect powerful macho men because historically their battles were tribal and the most powerful intelligent chief would conquer and rule. They respect the Soviet Union for that very reason and think America is weak.

"One-man-one-vote. . .10% - 15% want it but that's all. Others don't even understand the democratic process. There are still millions of blacks who have never left their tribal regions and are living much the way they did 800 years ago. They have no concept of electricity, T.V., automobiles much less voting."

A member of the Conservative Party (no name given)

"We don't hate these people, we hate their behavior. They are influenced by the ANC and encouraged to commit acts of violence. Ask a black leader what he would do if he took over this country and he will say all whites will have to be killed. But you ask, what about the ones who want integration. . .'He's white, we'll also kill him."

"The ANC aren't concerned with voting, they want the country. The only thing that can happen with help from overseas countries, help establish better houses, working facilities and jobs. You can't clean out group areas and send them to their homelands, they were born here."

Statements From people we met in restaurants, hotels, on the streets:

"I didn't know America was a racist country?" (Our response was. . ."Why do you think that?") "Because your sanctions have created thousands of unemployed blacks and have made at least 10 new white millionaires."

"The rule of Africa is, the strongest rule and the tribe in power happens to be the most powerful. . .but they are white. But they are our hope for continued economic growth . . .Africa will become a dark continent if the candle of democracy is extinguished."

"We can take criticism, but slowing the economic machine is having the opposite effect . . .not the desired effect. At this point though we don't care what the U.S. does or thinks."

"We are used to monarchies where a man is born to be a leader. We are getting used to the Western type of government but we want to be free to choose whether we have a President or a King. In America you think you know best for the world."

"Necklacing doesn't solve problems. It took Britain hundreds of years to get where they are, the radicals expect it to happen overnight. . .One man, one vote, one time." (That was an oft repeated phrase by most blacks we spoke with.)

"People think getting a black president will solve our problems. I would rather stay with the known, even though he is white, than take a chance with the unknown."

"Do you know I have four wives? If I was a white man I would be put in jail. (Laughter) Some things should never change."

(Asked to remain anonymous):

"Tutu is a creation of the Western media, but he's isolated from the violence he promotes. I won't go to church because someone like Tutu is the head and he promotes violence."

"How can you tell a man how good capitalism is and not allow him to participate in it. But now that it's opened up, free enterprise now will win over communism because we are participating. But your sanctions only play into communist hands because they tie ours. You snatch the cake from our mouth while you claim to be our friend."

"The real goal of the ANC and other violent factions is a bloody overthrow of the government. Many of the townships are controlled internally by the communists, the UDF, the PAC and the underground of the ANC. The Soweto Civic Association is nothing but a front for the UDF.

"Black civic leaders are murdered, the businessmen have businesses burned. Black leaders are murdered by blacks. Six hundred blacks so far have died from necklacing. They use it as an intimidation tactic, and your media refuses to report it."

"They came to my door late at night and demanded that I give them my son. I knew what they meant. It happens to many families. They take our children and send them to indoctrination camps in Angola and other places. So I struggled with them both, I hit them, they ran and I left the back way with my son. When they returned there were more. They blind-folded me and tied my hands behind me and took me out. When they took the blind-fold off, I was in Winnie Mandella's house facing her. She said 'Why did you resist? You have no right to be any different than anyone else. You have an obligation to the cause.' Then she told the men to take me out and beat me up but don't kill me. So you understand why you must not give my name."

"The pattern of the revolutions are all the same. First mass media, then leftist religious leaders give a moral slant, then compromise escalates to demands. Then you have mass demonstrations, inciting the youth to violence, then armed resistance moves the country to chaos. Boycotts and strike violence finally end with the U.S. denouncing the government and then supporting the puppet regime."

The South African Experience: A Renaissance Perspective

By: Nina May (Chairman Of Renaissance Woman)

I wasn't sure of what to expect when we landed in South Africa. I had visions of oppressed natives meeting us at the plane begging for sanctuary from their cruel oppressors. Or rednecks driving around throwing beer cans at blacks who stepped off the curb of "their side of the street." Or an even more civilized vision was easily conjured after years of disinformation saturation of lily white eating establishments with only the occasional dark face waiting hand and foot on the pushy white South African.

It's no surprise that I found myself shocked to land in a very modern Jans Smuts airport crowded with people of all nationalities and races. No bombs, riots or restless natives.It was the picture of stability, activity and productive growth:
The elements of a successful, thriving country most other African nations may only hope for.

Pretoria was Any City, USA, the architecture mostly European with Dutch and Mediterranean influence and the people were an international multi-racial mixture. The Park in the center of town, boasting the statue of Paul Kruger, provided more inconsistent facts for the distorted myths to be compared with. We had read and heard that this very park was segregated and that blacks were not allowed to walk through it. Not only were they walking through it, they were sitting in it, lying on the grass, eating lunch. . .with whites. They would smile at us as we aimed our cameras in their direction. When asked about the history of the statue, some knew the story of the Boer wars and the battle between the Afrikaners and the British, others would laugh and say, "I don't know who he is, but he sure is ugly."

Our confusion increased as every contradiction between pre-conceived fact and the reality we witnessed in South Africa became more apparent. Our first cab driver was a black man who could speak eleven different languages because for the past 10 years he had been in a band that traveled from homeland to homeland, performing. We asked him how he could do that with the pass laws. He laughed and said something unprintable about the ignorance of Americans and said, "Do I look oppressed to you? I have always traveled where I want when I want, and perform with my group. How do you think I can speak 11 different languages and tribal dialects?"

We apologized for our ignorance and explained that in our country we are oppressed by a lack of solid, factual information about what is happening in other parts of the world, and that was our purpose for traveling here to see for ourselves what was really happening.

He smiled and said, "If you keep an open mind, you will love my country and our people."

Johannesburg was beautiful in spite of the warnings we had heard to the contrary. It reminded me of Dallas or Phoenix. And Soweto was the biggest surprise. My most recent images of the township were from riot pictures shown on the evening news just before our departure from America. We were told, by residents in Soweto, that they must be old shots, or were taken from someplace else because nothing of that magnitude had happened there in in some time. They pointed with pride to the new municipal buildings, YMCA, day-care center, and local missions established to help the handicapped use their skills to make products to sell in the market.

We were also taken to the different sections of town starting with the poorest area where the squatters (or refugees) live when they first come to that part of South Africa. The tiny shacks with dirt floors, tin roofs, and clothes lines strung from one to the other reminded me of rural areas in the South, and whole villages in Mexico. This was definitely an example of the third world within the first world, but the difference was that less than a mile away was evidence that their conditions weren't permanent, and there was a way out of this squalor.

This was the neighborhood where the wealthy blacks lived. Among them were Mrs. Nelson Mandela, Bishop Desmond Tutu, Dr. Motlana, and others who lived like kings while exploiting the conditions of their neighbors down the road. One of Mrs. Mandela's two houses in the same neighborhood looked like a municipal building with no less than 6,000 square feet. If used properly it could probably house maybe 50 of her neighbors. After realizing Soweto was really more of a vibrant city than a squatter camp, with more than 2,000,000 residents, hundreds of businesses, churches, and trading sites, and over 200 recreational facilities including golf courses, dance halls, and karate/fitness centers we began recalling all of the other 'facts' we had been force-fed over the years by the media.

We were shocked to discover that almost all of the people we spoke with, especially blacks said that 'Bishop Tutu is a creation of the Western Media and a darling of the liberal elite in America. He is a hypocritical man committed to violent revolution that would destroy their hopes of ever sharing power with the existing government.'

We soon discovered that most of the violence that is brewing in South Africa is not so much between the races but between the tribes.

We had the opportunity to meet with members of the ANC, who were also primarily from the Xhosa tribe, and members of Inkatha who were incidentally members of the Zulu tribe. Their styles, customs, language, leaders, political philosophies, forms of policy implementation were all very different. We were told many times by Zulus, 'we are not black, we are Zulus.' They were very proud of their heritage and wanted to preserve it and discover a way to move peacefully into positions of power within South Africa, without destroying the 'goose that laid the golden egg.'

The Xhosas on the other hand saw conflict as the only means to secure their goals. They were not as loyal to the heritage of their tribe as to the new promise of communal equality that had been given to them by their heros such as Joe Slovo (who is white and a well-known member of the communist party), Nelson Mandela, Rev. Allan Boesak and others. They believe their only solution to social change would come through violent revolution and we were even told during our visit with Desmond Tutu, at his house in Cape Town, that the Church would be the institution that would give the signal to start that revolution. We were also told, during our visit with him, that 'the next 'P.R.' push by the anti-government forces would be to encourage, through the church, the young men to dodge the draft because the Army teaches violent habits to young men and teaches them that they should kill for the State.' When asked if it would be right then for that same boy to kill for the ANC, the contradiction was ignored.

There were a few things we heard many times from people of all races, from all parts of the country: They will do anything to keep communism from destroying their country. In the words of Dr. Dhlomo, the Secretary-General of Inkatha, 'All struggles will be in vain if we can't give an economically stable country back to the people.' They feel that the people who voted for sanctions in our country are racists because only the blacks in South Africa were hurt. We were told, as Americans, that we were arrogant and hypocritical about our stand on South Africa when we still have major race problems in our country. (Unlike our boycott on anything South African, they devour our films, movies, T.V. shows, documentaries, etc. and know more about us than we do sometimes.)

But the most revealing criticism they had of us was a direct result of our insisting they adopt the policy of one-man, one-vote. They complained that we were forcing our political system on them and that they wanted only the chance to choose the form of government they wanted. We were reminded more than once that in many of the tribal areas where the people live much as they did 300 years ago, they are oblivious of the concept of democracy or voting for a President. They are more familiar with monarchies and Chiefdoms and feel the 'Rain Queen' is revered above all. These would be easy targets for exploitation should a nationwide vote be forced. With the promise of more cattle or the threat of no food, they could be coerced to put an X by anyone's name.

We were chided constantly by our use of the word 'apartheid' and all that it implies in the West. We were told by blacks, and whites that the word is old and used primarily in the West and by the anti-South African P.R. experts within the country. As Dr. Dhlomo stated, 'Apartheid is not a modern problem or a modern word. . .it is old and almost solved. But the word arouses emotion, generates more heat than light. Our question is, what will replace it when it is totally dismantled. . .we don't want to destroy South Africa with apartheid.' He continued, 'Some people will do anything to abolish apartheid; that is wrong. Those who would impose sanctions have no regard for the people of South Africa, only those who administer 'apartheid.' Once it is totally dismantled, we will need all the economic support and resources we can get. The ANC has socialistic policies for the redistribution of wealth. Inkatha supports the free market and peaceful change; and the ANC would change things through armed insurrection.'

Mr. Velelmi Mashumi, an official of the township of Mamelodi, told us 'that for change to be lasting it must be gradual. A revolution would repeat the mistakes of Rhodesia (Zimbabwe) which is now economically destroyed.' He was very positive about the changes that have taken place including abolishing pass laws, interracial marriage laws, etc., but he said 'The change must be like a snake shedding its skin. Only when the new one is strong enough to replace the old one, does the snake leave the old.'

Over all, we were very encouraged by our visit and felt a little humbled by the gentle chastening we received as representatives from America. We were reminded that our histories parallel each other in many ways and that our struggles have been similar over the years; 'the difference is that your allies didn't abandon you in time of need.'

As we walked through the work areas provided by the Small Business Development Corporation and saw little budding businesses producing everything from belts to couches, we realized that this is really the ultimate goal. . .freedom to choose a profession, a livelihood. To be able to set goals and dream dreams and experience the opportunities only a free environment can provide. If we turn our backs on these people now, their budding businesses and dreams will be destroyed and we can add to our list of fallen allies and oppressed millions the people of South Africa. . .white and black.

The Strategic Importance of South Africa

By: Karen Shadish

Before our trip to South Africa, most of us had some understanding of the vital role the country played in relation to the United States. We were aware of the past and current events in the political/economic arena affecting that relationship. And, like most Americans, we witnessed the media's portrayal in vivid, often-repeated footage of the acts of violence and upheaval during the time preceding the very important "Sanctions" vote on Capitol Hill.

We watched as our elected officials embraced Archbishop Desmond Tutu (outspoken activist and 1984 Nobel Peace Prize recipient) and Oliver Tambo (leader of the African National Conress), while the visits of Dr. Jonas Savimbi (leader of UNITA forces in Angola) and Dr. Mangosuthu Buthelezi (leader of the Zulu tribe) were virtually ignored.

What we didn't see, hear or read about South Africa, before our trip there last October, were facts about its strategic and economic importance to the West and free World, nor the fact that it is the world's storehouse of minerals. Although South Africa covers only .8% of the world's surface and has only .5% of the world's population, its production of raw materials is exceeded only by the United States and the Soviet Union.

It is responsible for the production of 87% of the non-communist world's platinum, 77% of its gold, 48% of its chrome ore, 36% of its asbestos, 32% of its manganese, antimony and diamonds. Any disruption in the supply of these essential minerals would have a disastrous impact on oil refining and the production of a variety of specialty steels needed in exotic alloys for aerospace and submarine manufacturing, production of machine tools and modern weapons technology.

The fact that South Africa's strategic location astride the shipping lanes for oil tankers carrying crude petroleum from the Persian Gulf across the Indian Ocean, around the Cape of Good Hope into the Atlantic was carefully omitted in any reporting on South Africa.

More than one-fifth of all U.S. oil imports run by this southern tip of South Africa. This route, is about 5000 miles shorter, Persian Gulf to New York, than the Panama Canal. (Because of their size, the supertankers cannot use the Suez Canal, which is even less secure than other waterways). All these points only underscore the fact that South Africa is a vital ally and asset we cannot afford to lose!

From our first few days in South Africa at the stately and impressive Union Building in Pretoria, to meetings with University professors of Strategic Studies, Anthropology, Theology, Political Science, etc., to the Houses of Parliament in Capetown, to the townships and squatter's camps, we were made vividly aware of the complex and tenuous situation of this mighty yet struggling nation, especially in relation to the United States.

Everywhere we were met with candor and frankness at all levels responding to our inquiries. We saw first-hand the results of our Sanctions Policies and disinvestment.

Early on we were reminded of the fact that we share a common foe, the Soviet Union, and the 1973 words of Premier Leonid Brezhnev were recalled: "Our aim is to gain control of the two great treasure houses on which the West depends; the energy treasure house of the Persian Gulf and the mineral treasure house of central and Southern Africa." We were reminded that in the last two decades, the frontline states of Tanzania, Zambia, Zimbabwe and Mozambique have all adopted forms of Marxist governments and have seen them dismally fail resulting in ruined economies and causing thousands to flee their totalitarian regimes.

The final stronghold in Angola is fighting for its life on the northern border of South Africa. We heard about the Soviets' "revolution by stages" being waged with propaganda, disinformation and "active measures," such as inciting violence, promoting union strikes, infiltrating churches, splintering political factions, etc. These measures are supposedly the least likely to alarm Western governments and bring on armed confrontation. But indeed armed confrontation was a part of the picture in Southern Africa in October of 1987 as we were to read in the daily newspapers and hear about on the nightly television news.

UNITA has about 25,000 troops and SADF about 3,000 in Angola. We heard about the presence of Soviet General Shagnovitch, newly in control of the estimated 40,000 Soviet/Cuban troops (and civilian advisors). We have learned that this major offensive action began about July 10 and ended about November 20, with the Russian, Cuban , MPLA and SWAPO forces totally defeated and in full retreat.

It has been reported that as of November 13, the Angolan Army losses were 3627 plus 27 Soviet and 21 Cuban fatalities. Six Soviet generals died in October 14 when UNITA shot down a Russian Helicopter with a U.S. made stinger missile. UNITA losses were reported at 48 killed and 1500 wounded while SADF reported 34 casualties. This was the largest military confrontation in sub-Saharan Africa since the Anglo-Boer War, and the largest conflict in Africa since World War II with the Russian, Cuban and MPLA suffering their worst defeat in the 12-year Angolan Civil war. In fact, it has been reported to be the worst defeat the Soviets or Cubans have ever suffered at the hands of anti-communist forces. This was despite the airlifting by Soviets of over $1 billion in military equipment over a twelve month period into Angola. They have supplied their communist counterparts with $4 billion in the latest sophisticated modern military hardware in recent years including SU-22 and TU bombers, MIG 23's, MI-24 and 17 attack helicopter, SAM 3.8 and 13 missiles, T54 and T55 tanks, B21 multiple rocket launchers, a variety of armored vehicles and 10-12 air transports of equipment per day, at times. Reportedly, the Soviets lost over $1 billion in military equipment, some the best in the world, captured intact by UNITA as the Russians, Cubans and Angolans fled. It is expected that there will be another offensive but probably not before 1989.

UNITA is in its strongest position ever and now reported to be operating in provinces all over Angola for the first time in recent years. Where did we read or heard about these major victories in the U.S. media?

The preceding account is about the external war on the northern border. The internal struggle with the African National Congress (ANC) continues. Although outlawed from South Africa in the 1960's, the ANC continues to exert a divisive and dangerous influence among many blacks and moderate whites who believe there can be no solution to South Africa's problems without them. It must be remembered that much of the violence in recent years was spearheaded by leaders of the ANC (including the dreaded necklacing of blacks unsympathetic to the terrorist tactics of the ANC.) The leaders of the ANC continue to refuse to denounce violence and recently, in their magazine Sechaba, said that the only reason they want to negotiate with South African whites is to arrange the turnover of total power to the ANC.

We also see credibility being given to the ANC in our media and entertainment communities as was witnessed in the recently released anti-South African propaganda film 'Cry Freedom' by Sir Richard Attenborough who had proudly proclaimed that his intent in making the film was to 'improve the image of the ANC internationally.' The movie was filmed in Marxist Zimbabwe and subsidized with $5 million from their Marxist Ministry of Information. PBS has also recently released a much-distorted 5-part series called 'Apartheid in South Africa,' portraying out-dated footage of violence and further attempting to lend credence to the ANC. In the literary arena we see a new novel entitled Mandela which is about imprisoned ANC terrorist figure Nelson Mandela, which can also be construed as part of the ANC's attempt to promote his release from prison and further their violent cause.

What has been reported is a means of attempting to impose harsher sanctions against South Africa. In Congress' zeal to adjourn last year, a little-known initiative was tacked on the budget reconciliation measure. It was an amendment by Congressman Charles Rangel (D-NY) to impose double taxation on U.S. firms still operating in South Africa. Under the measure, the 168 U.S. firms remaining in South Africa will no longer receive tax credits in the U.S. for the taxes they pay to the South African government. This will mean an estimated $43 million in additional taxes on these companies over the next 2 years and could force many to sell out to South African buyers at bargain prices.

Even as further evidence points to the failed sanctions policy imposed by the U.S., new and tougher sanctions bills are being proposed that threaten to guarantee to put the U.S. at the mercy of the Soviet bloc for strategic minerals. House Bill 1580, sponsored by Ron Dellums (D-Ca), would implement a ban on all minerals from South Africa unless substitutes were not available elsewhere. Since such substitutes would be available from the Soviet Union and their allies, the bill would be sure to increase our dependency on them for militarily vital materials. And to insure this outcome, the bill also calls for eliminating the current requirement that the Administration regularly report to Congress on how sanctions are leading to the increased mineral dependency on the Soviet bloc. HB 1580 would also eliminate a part of the anti-apartheid act which states, "The U.S. recognizes that some of the organizations fighting apartheid have become infiltrated by communists and that communists serve on the governing boards of such organizations.' Senator Alan Cranston (D-Ca) has also introduced S556, a nearly identical measure on behalf of himself and Senators Ted Kennedy (D-Mass) and Carl Levin of Michigan which is now pending before the Senate Foreign Relations Committee.

As we tried to sort out the barrage of information we were given, we came away with the confident feeling that South Africa is strong and will survive as a free nation despite the obstacles of sanctions and leftist propaganda. Perhaps we could learn a lesson from the war on her northern border as we look at the situation on our southern border. Her people are tough, patriotic, and united by the desire to keep their Republic from falling under the hammer and sickle. The message which was given to us from blacks, whites, liberals, conservatives, from all over the country was that sanctions are not the answer, and have not helped reach the desired goal of the U.S. What they need from us is support based on the reality of human suffering, not condemnation based on propaganda designed to hurt the very people it is claiming to help.

Is The Press The Problem Or Solution

By: Jane Chastain

"On the night of June 9, 1986, we saw Crossroads (large squatter camp near Capetown) burning. The flames lit up the sky for miles around. Everybody saw it. The next day we picked up the paper to read about the riot and the fire, but no, instead, on the front page, was a photograph of a seal with a ball balanced on the end of its nose."

That statement by Nevell McDonald, a white minister to a racially mixed Capetown congregation, reflects his frustration and that of his followers. This lack, of reporting over the past two years has taken the pressure off the media and put it squarely on the shoulders of the South African government, which has been fighting for survival against communist-backed revolutionaries.

Press restrictions imposed during the state of emergency which began almost two years ago may have helped control violence, but they also have created distrust of the government that imposed them. . . not only among South African residents, but among people around the globe.

Is the price too high? Were these press restrictions really necessary or was it just a clever plot to control the media and change world opinion?

On a hot summer day in 1985, a pregnant young mother named Maki Skosana was surrounded by an angry mob in a cemetery in Duduza, a black township on the outskirts of Johannesburg, where she had gone to attend a funeral. Shouts of 'informer' and 'traitor' filled the air as the mob chased her across a field and beat her with sticks. Her clothes were ripped off, she was doused with gasoline and set afire while CBS and European television crews filmed the incident.

That was only one isolated episode of militant blacks killing a more moderate brother or sister that summer. More than 200 moderates had been set afire or killed in similar incidents that year. But the case of Maki Skosana drew world-wide attention because millions of people watched that poor woman on the nightly news, courtesy of those TV crews who filmed her anguish... without compassion and without going to her aid. Millions watched as the crowd was pushed out of the way several times by commands from activist members of the communist-backed African National Congress (ANC) and its political ally, the United Democratic Front, (UDF) to allow the camera crews a clear shot as Maki Skosana tried in vain to come to her knees in a desperate plea for help.

The moderate reformist blacks long had claimed there was collusion between the press and the ANC/UDF to provide the world with this 'terrorist theater.' Was it simply a repeated coincidence that TV crews would often arrive outside a home or business, set up their cameras, and within 30 minutes a mob would appear to torch the place and brutally murder victims?

A nationwide state of emergency was imposed on July 21, 1985, following the death of Maki Skosana. It was lifted in March of 1986; but after another 284 moderate blacks were killed by their neighbors in the townships, the state of emergency was reintroduced in June of that year and remains in effect today.

Here are some other examples of how the media helped 'create' the news for world-wide consumption before the government clamp-down:

- A camera team paid a black family to have its shack demolished at Crossroads to imply that this was a government action.
- Black parents in Soweto claimed a TV crew paid their children to burn school books in front of the cameras.
- TV crews urged a crowd of young people to set alight a partially burnt car that had

been abandoned.

- News media personnel paid fees for special ANC/UDF 'permits' to enter 'no-go' areas.
- TV crews helped arrested instigators of violence to escape from police custody.

The media was given the opportunity to police itself when the state of emergency first was introduced, but this overwhelmingly was rejected, so an official list of restrictions was imposed. The restrictions are far-reaching and, if strictly enforced, would give the government almost complete control of the media operating from within the country.

Under the regulations, "No person shall without the prior consent of the Commissioner, or of a member of a security force serving as a commissioned officer in that force, take any photograph or make or produce any television recording, film recording, drawing or other depiction:

> a. of any unrest or security action of any incident occurring in the course thereof, including the damaging or destruction of property or the injuring or killing of persons; or
>
> b. of any damaged or destroyed property or injured or dead persons or other visible signs of violence on the scene where unrest or security action is taking or has taken place or of any injuries sustained by any person in or during unrest of security action."

The same restrictions apply to sound recordings. Further, reporters are prohibited from giving printed accounts of violence, treatment or circumstances surrounding those in detention or their release, or deployment of the security forces unless that information is approved or released by the government.

Almost universally, these restrictionsare resented by the media, local and international alike. The newsgathering organizations in South Africa perceive themselves as "responsible."

Through one-on-one interviews with a cross-section of reporters and correspondents, it seems that the government isn't nearly as strict as might first be imagined, and the rules are not comprehensively enforced.

One foreign correspondent, who works for a major newsgathering organization was quite candid in her comments but did not want to be identified, said, "It's certainly not the worst (place for a journalist), not like the Soviet Union. Here, at least, you can find things out. They (the government) don't read every word or ask you to take things out, but sometimes, after it's published, you hear that they didn't like certain phrases."

This correspondent feels the public generally is well-informed despite the restrictions which now prohibit reporters from "being on the scene." She says that she can move around a little easier than a man. She also gets information from contacts who live in the different communities and work as "stringers." "But it's hard. We don't get all the truth. The police put out a daily unrest report, 'someone was shot,' but no details. We really have to work to get our stories."

She seldom has a problem with the police and says less than 10 journalists have been kicked out of the country since the rioting began in June of 1986. She says that only one reporter has been arrested and brought to court "but the charges were dropped."

She adamantly is against the restrictions. She doesn't feel that they really have helped to control the violence. She feels that the police are just better trained and better equipped to handle it.

Asked to sum-up the situation in South Africa she said, "The government likes to call itself a democracy but this never can be until everyone has an equal vote." When pressed, she went on to say, "The situation is basically what the government says it is. They are in the process of making reforms. They are making gradual changes."

Presently there are some 100 foreign correspondents in South Africa. The Times (London) said in an editorial "It is an awkward truth that the South African press still is freer than almost anywhere else in Africa." Should we ask the question, "Why does the media find it 'awkward' to admit the truth?"

Foreign visitors to South Africa often are amazed at the amount of criticism levied at the government by the local press. Radio talk shows constantly admonish the powers in Pretoria. The newspapers too, offer their own critical views of the current administration. But, foreign visitors also are surprised at the obvious lack of details on reports of violence or unrest.

Margaret Williamson, an editor with The Argus, a Capetown daily, takes pride in her paper's balance. Like most media people, she, too,is against any restrictions on the press but admits, "There have been some abuses by members of the media, particularly the foreign press." She says her paper is "terribly restricted" in photographs when it comes to violence. "We have one colored photographer who is particularly adept at going into the townships during the riots and coming back with horrific pictures which we've had to suppress. But then, how many of those kinds of pictures should one ever publish? It does incite some people. It does fan the riots."

Asked about absence of information concerning the burning of the Crossroads squatter camp, which occurred when the militant and moderate blacks fought against each other and the police, she bristled. "That sort of thing, when to publish and what to publish, and what not to publish, should be left in the hands of a responsible editor."

She acknowledged that there is a closely adhered-to list of "banned people" whom the media is not allowed to quote. However she confirmed that people like Winnie Mandela, Bishop TuTu, and Allan Boesak, who openly support the ANC, are not on that list. All people who are banned officially are linked with the South African Communist Party or the Pan African Congress.

When it comes to local reporters and editors, however, discretion provides job security. There was the case of Dene Smutz, an editor with Fair Lady magazine, which is owned by an Afrikaans organization, who resigned following pressure after a story she published on Mrs. Mandela.

Mrs. Williamson echoed the words of our foreign correspondent quoted earlier. Both women feel that the absence of reporting is "distortion of a different kind" and leads to mistrust. "One of the roles of a newspaper is to educate the public as to what is happening so it is not entirely taken by surprise. If there is a revolution tomorrow our readers should be prepared for it."

Both women feel that if the press were allowed to print more stories about the philosophical differences of those involved in the conflict, it would lead to greater understanding among those groups on the two extremes within the country, and among those abroad. These women also feel that if they were allowed to print details of the black on black violence it would promote greater understanding of the problems the government faces in trying to offer protection to all its citizens.

Violence has spread in recent months to Pietermaritzburg, a picturesque town set amid the rolling hills of Natal on South Africa's east coast. The government responded by placing restrictions on some of the activities of the UDF and 17 other opposition groups which are sympathetic to the ANC's armed struggle for power. Pietermaritzburg is a frontline where support for the UDF and a moderate black organization known as Inkatha overlap. Residents in this area live in fear. Townships have been divided. Gangs of youths roam the streets at night openly attacking homes in search of sympathizers for the other side. More than 400 people have been killed in these attacks in the four months prior to the ban.

The leadership of Inkatha's 1.2 million members strongly opposes the anti-government violence which has ushered in Marxist-Leninist regimes in neighboring countries. Inkatha favors the peaceful dismantling of the last fragments of apartheid, a process which began almost a decade ago.

How much of this story is getting through to the American public? Have you heard or read anything about it?

On March 1, 1988, major newspapers in this country featured pictures of Bishop TuTu, Allan Boesak, and other religious leaders who are part of the South African council of churches, staging an illegal protest near the Parliament building in Pretoria (similar protests are prohibited in front of the Supreme Court and certain other buildings in Washington D.C.) against the recent restrictions. These protests in front of the Parliament building were designed to bring out the police and get them arrested so that they could prove they were being persecuted.

The Los Angeles Times stated in its front page coverage of this media event, "So determined are religious leaders in their opposition to the new bans that President Pieter W. Botha's government could now face a major confrontation with the churches - - a conflict that not only could bring many more demonstrations but transform the largely moderate clergy into angry opponents of the white-led minority government."

Let's assume the writer, Michael Parks, didn't know that the clergy which had assembled for this event has been an "angry opponent" of the government for years. Let's examine the cast of characters listed in the Times article as largely "moderate" clergy.

Bishop TuTu: One of the government's most outspoken critics. "I find capitalism quite horrendous and unacceptable. I am a socialist." The Canvass, 8/10/83

Allan Boesak: Founder-patron of the UDF, closely connected to the terrorist ANC. He has openly called for the downfall of the government and was a key instigator of the 1985 school boycott when students cut classes and burned classrooms.

Catholic Archbishop Stephen Naidoo: The African Catholic Bishops Conference in Pretoria already has been warned by Pope John Paul II against involvement in politics. Among South African grass roots Catholics, there is a growing background of unhappiness with the bishops' activism. Groups like the South African Catholic Defense League actively are opposing the spread of "liberation theology" (Marxist ideology clothed in Christianity) in the church.

Rev. Khoza Mgojo: President of the Methodist Church. This church also has a number of liberation theology proponents. The World Division of the church's Board of Global Ministries has given grants to a sizable number of organizations favoring Marxist "liberation" movements in Latin America, Asia and Africa.

Rev. Frank Chikane: General Secretary of the South African Council of Churches. The ACC is affiliated with the World Council of Churches which issued the Lusaka Document in May of 1987, condoning the use of violence in South Africa.

There was no mention in this article of the hundreds of truly "moderate" religious leaders working for peaceful solutions such as Bishop Elijah Mokoena, who heads the Black Reformed Independent Churches Association, representing more than four and a half million blacks, or Bishop Barnabas Kekganyane head of the four million members of the black Zionist Christian Church, or the Reverend John Gogotya who leads the Federal Independent Democratic Alliance political movement, which openly opposes the ANC/UDF. Although in its first year, the FIDA boasts a membership of 300,000. Where were ministers like Ray McCauley of the 10,000 member Rhema Church in Johannesburg, or other Evangelical ministers with their large multi-racial congregations that have done so much to unite the country?

There were no reasons given in the Times article for the new restrictions imposed on certain activities of the UDF and the 17 other groups, which had led to this demonstration, and no explanation as to what activities were restricted. Was Pretoria silent? Was it lack of space?

In fairness to the L.A. Times, there was another article in the same paper, by the same foreign correspondent, announcing that the government is spending $550 million on new housing, schools and other facilities in the strife-torn Natal province. This was but another, in a long series of articles the Times has run, on the South African government's efforts to improve black living standards. But this article was on page 8. It took up much less space than the article on page one, and there was no picture. Would your average reader get that far or make a connection between the two South African stories that day? Probably not.

The South African government may control the foreign correspondents working inside the country, but the government never will control the editorial staff, and make-up artists in the newspapers back home. These people play important roles in shaping world opinion.

If the South African government's goal is to suppress reportage and pictorial coverage of violence, the restrictions appear to be working.

If their goal, however, is to control the press and thus change world opinion, it's an uphill battle at best.

Can truth and justice prevail when governmental censorship and journalistic opportunism color the news? Are there shades of grey in what appears to be black and white reporting?

Reopening America's Mind

By Nina May

Reprinted from Renaissance Magazine, Spring 1988
Publisher's Note, page 3

One of the greatest strengths that has carried this nation from victory to victory has been the collective ability to keep an open mind about any situation. . .no matter how painful that topic might be. Certainly we gloss over unpleasantries and excuse much we don't understand, but to isolate ourselves from the exchange of ideas, and opinions is not characteristic of the people that have made America the great nation it is today. So why have we adopted a close-minded isolationist posture with regards to South Africa?

Although we have heaped coals of condemnation upon our own heads which still burn red hot decades after our transgressions have been rectified, we do not feel completely exorcised of our past collective guilt and transfer that guilt to our association with a country that shares many historical similarities with us.

South Africa, like America, is not perfect. And while they are sitting quietly in the confessional trying to right past injustices, we wait outside ready to point accusatorial fingers and cast the first stone, because to us their sin is more scarlet yet their suffering not as great.

Instead of invoking the Christian spirit of forgiveness and love, we have cloaked our cause in the same self-righteousness that threw both nations into the pit of sin from which we are both struggling to climb.

So while we in the Northern Hemisphere sit smugly in judgement of South Africa, denying ourselves access to the truth by cutting our lines of communication with them, prohibiting their planes to land, censoring their artists, athletes, businessmen (black, white, male, female), their country pretends we are still allies. They drive our cars proudly, greet our citizens warmly, wear our perfume loyally, and always smile with quiet understanding that the individual American citizen is not to blame for the betrayal of their country.

What is hard to understand, as an American, is why we allow ourselves to see only a tiny slice of their country and always the chosen slice that dramatically points to their sins and transgressions. Why aren't we shown the ballets, the rugby matches, their art, literature, music, movies, which highlight the talents and skills of all races and cultures. Maybe we're afraid that this multi-lingual, diverse and exciting society would be too great a challenge to our Western egos. Or we fear we would be forced to readjust past prejudices and beliefs and incorporate the new, updated information that adds more detail to a very incomplete picture.

We have reduced the problem and solution of an entire country to two words. . .apartheid and sanctions. We are still led to believe that the old system of apartheid is alive and well in South Africa and no changes have been made in decades. We are apparently not trusted with the news that pass laws and interracial marriage laws have been abolished, and that blacks vote for their own local representatives. Coloreds and Indians have their own houses of parliament, and so will Blacks as soon as their leaders agree on how that house should be structured.

If the problem was just race, the ANC and other "anti-apartheid" groups had a solution years ago for a representative government but it was rejected because it would not give every tribe and racial group in South Africa (approximately 14) the opportunity to field a candidate in a na- onal election. Obviously because there are more blacks than whites the winner would be black. . .but which black. This is where an otherwise simple problem becomes complex.

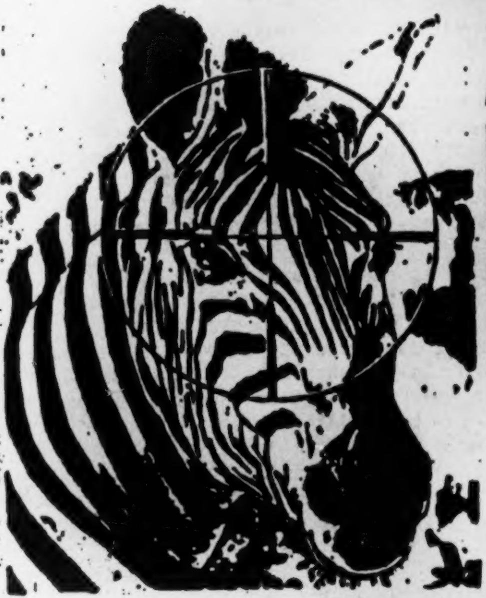
Chief Buthelezi, who represents the largest tribe in the country, the Zulus, has been personally vilified and denounced by Oliver Tambo, a Xhosa, and vice versa. Such positions are primarily based on tribal differences, not just politics. The Zulus, once great warriors, now lean toward pacifism to resolve the conflicts in South Africa, while the Xhosa, based on their open involvement in the ANC and UDF, promote violent confrontation. Buthelezi has been rejected by the ANC as a solution to their disenfranchised status because of his tribal penchant toward pacifism and a desire to work peacefully with the existing government in power while denouncing communism as an alternative.

But the hidden truth is that Buthelezi is not the appropriate choice of the ANC because he would spoil everything. If he were elected President, they would no longer receive the outpouring of support from the Soviet Union, the World Council of Churches, or our useful idiots at home who aintly call themselves entertainers, and the "one-worlders" in our own State Department. Our liberals at home in American would no longer have a banner to rally under, a cause celeb to draw the huddled masses in unified purpose. And the American Media Moguls would be forced to adopt new rhetoric to undermine the newly elected, moderate, anti-communist President Buthelezi.

So unfortunately, we the manipulated millions sit on the sidelines once again, denied access to facts, spoon fed self-serving slogans about civil liberties and human rights while the real players deftly carve away at one more important force and evolving country.

If one-man one-vote can lift a nation out of the dark ages, and provide open and uncensored dialogue between citizens, then why are we as Americans constantly oppressed by the disinformation machine and the powers that be. Perhaps we need to get a better handle on the concepts of freedom and democracy before we start forcing other nations to emulate our brand of open-mindedness.

SHOOT IT IN THE WHITE AND THE BLACK DIES WITH IT.



The animal we're talking about is the free market system in South Africa.

We are not politicians, only color-blind businessmen with deep concern about the future of our country.

As you know, in sophisticated technology, South Africa is right up there with the best in the West.

But what many forget is that we're also right out there with the rest of the Third World. Where millions of people, still bound by tribal traditions, seek provision for their old age in more and more children.

Unless our annual growth rate increases to between 5 and 6%, the ravages of over-population, poverty, illiteracy and disease will be commonplace.

We have no disapproval of voluntary sanctions. Because it's your right to choose with whom you do business.

However, coercive boycotts are not in the spirit of free enterprise.

And even worse, they significantly inhibit our only defence against widespread poverty – a healthy, growing economy.

It's up to us as businessmen to provide jobs – not our government. Because a hand-out is not the answer for a proud people. A hand-up is.

The developing Third World sector of South Africa doesn't need sermons. Nor boycotts. Nor sanctions. It needs support.

FREE ENTERPRISE FREES PEOPLE.
SANCTIONS DON'T.

APPENDIX 1

Pace of Reform in South Africa

1976:

- Sports and athletic competition desegregated.
- Education reforms instituted.

1977:

- Job reservation laws, reserving certain job categories for whites or Coloreds, partially scrapped (Section 77, Labour Relations Act of 1956). A few provisions remain pertaining to the mining sector (blasting certificates, specialties).

1978:

- 99-year leasehold home ownership granted to blacks. Homes could be bought, sold, or inherited by blacks.

1979:

- Labour Relations Act of 1956 amended, legalizing trade unions; black unions given the right to strike and to bargain collectively.
- Unemployment Insurance Act of 1979 amended, eliminating racial references in the provision of unemployment compensation. Unemployment Insurance Board made multi-racial.
- Education and Training Act of 1979 enacted, allowing any official language chosen by parents to be used beyond 4th grade, instead of only Afrikaans.

1980:

- Leading hotels, restaurants, libraries and sports facilities desegregated.
- Expenditures on black housing by the government doubled.
- Schlebusch Commission recommends formation of new advisory council to include Coloreds and Asians.

1981:

- Wage Act of 1957 amended to prohibit racial wage discrimination.
- Compulsory education for black children instituted.
- Racially mixed President's Council established to draw up new constitution; replaced South African Senate.
- Trade unions opened to all races. In 1987, 79 are multi-racial, 21 are black, 43 are Colored, and 57 are white.
- Small Business Development Act enacted to serve all races, replaced laws which served only individual groups.

1982:

- President's Council reports urgent need for political reform.
- Self-governing councils instituted for blacks at local level.
- National Party splits; 18 MP's break away in protest against reform measures by the National Party.
- Blacks join government and quasi-government boards, e.g. the Housing Commission, the Prime Minister's Economic Advisory Council.

1983:

- White electorate referendum held establishing new constitution embodying: Tricameral Parliament for whites, Coloreds, and Asians; multi-racial Cabinet; three Ministers' Councils with authority over matters of interest to the different races; independent Supreme Court; an advisory President's Council comprised of whites, Coloreds, Asians.
- Government admits "Homelands" policy is failure.
- Blacks vote for mayors and town councils to govern local communities.
- Legalized employment discrimination eliminated.
- Universities desegregated.

1984:

- Non-whites vote for first time to elect direct representatives to Parliament.
- Government promises parity in education for all races.
- Restrictions on movement of blacks in Western Cape abolished.

1985:

- City business districts opened to all races; State President given authority to abolish trading, commercial, religious, and educational restrictions in those districts (Section 19 of Group Areas Act of 1966 amended).
- Immorality Act of 1950 and 1957 repealed.
- Prohibition of Mixed Marriages Act repealed.
- Prohibitions of Political Interference Act of 1968 repealed; multi-racial parties allowed.
- Environmental Planning Act of 1967 amended to repeal ceilings on black workers in Witwatersrand and western Cape.
- Forced removals relating to homelands policy ended.
- Freehold land ownership rights extended to urban blacks.
- One citizenship for all South Africans promised (Speech by P.W. Botha, August)
- Reincorporation of homelands into South Africa declared negotiable with those homelands so desiring (re: National States Citizenship Act of 1970).
- Colored and Asian Cabinet Ministers appointed.
- Civil Service staffed according to merit, not race.
- Commitment to power-sharing publicly stated by government; call for negotiations with black leaders.
- Natal Province leaders meet to discuss multi-racial government.
- Admission of Persons to the Republic Regulation Act of 1972 amended to repeal all references to race and color in immigration regulations.
- Amnesty offered to Nelson Mandela and other ANC members in prison if they renounce violence.

1986:

- Liquor Act of 1977 amended to allow blacks in establishments in white areas.
- Reservation of Separate Amenities Act of 1953 repealed.
- Government announced intention to repeal Black Labour Act of 1964 and Black Affairs Administration Act of 1971 which established boards to oversee black area development.
- Provincial councils reinstituted as multi-racial councils; multi-racial regional services councils established.
- Legislation introduced to allow homelands blacks to regain full South African citizenship.
- National Statutory Council established to begin discussions on new constitution to accord political rights to blacks.
- As promised in 1986, Black (Urban Areas) Consolidation Act of 1945 repealed; no influx control of movements of blacks into urban areas.
- Black Abolition of Passes and Coordination of Documents Act of 1952 repealed.
- 34 laws or parts thereof repealed which dealt with "influx controls" and "pass laws".
- Black Affairs Administration Act of 1971 repealed, as promised.

1987:

- Young detainees under the state of emergency released except for approximately 200 charged with serious crimes, including murder.
- 1987-88 education budget submitted with large increases for all aspects of black education and training; expenditures for black education up 700% since 1979.

Major Apartheid Laws remaining:

Group Areas Act of 1966
The Population Registration Act of 1950

FINANCING SOUTH AFRICA'S FOREIGN TRADE

by

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March 1988

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The authors wish to express their thanks to Ms. Rosemarie Bolte of the Evangelische Frauenarbeit in Deutschland E.V. for the copy of the 23 December 1987 issue of the **Boersen-Zeitung**, which is so central to the analysis in Chpater II.

FINANCING SOUTH AFRICA'S FOREIGN TRADE

SUMMARY OF FINDINGS

Trade credits have become the major source of financing for trade with South Africa and therefore the major source of financing for the import of the capital goods required to maintain its economy. This report estimates the amount of financing that South Africa needs to keep its economy functioning and analyzes the present structure of this financing.

ESTIMATE OF THE AMOUNT OF CREDITS NECESSARY TO FINANCE SOUTH AFRICA'S TRADE

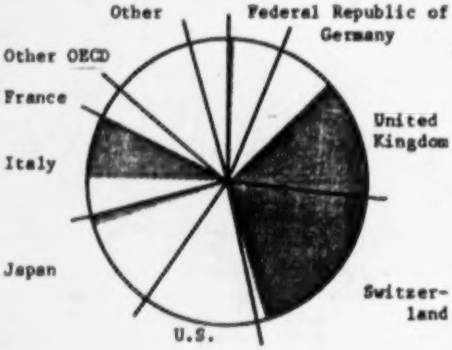
When a country has a good credit rating, it can raise capital for major projects and general operating capital in the international capital markets through general obligations like bond issues, syndicated loans, and other money market instruments. However, when its credit rating is poor, its options for raising finance are limited primarily to trade credits and other trade specific instruments. Trade credits are directly linked to the shipment of goods and services. They are often more costly in interest rates and also in the time necessary to arrange many small credits on individual items for a large project.

South Africa is now in the catagory of a country with a poor credit rating because of the moratorium it called on a portion of its debt in September 1985. Since that time sources of general capital have dried up and trade credits have become the major source of financing. Thus if further pressure is to be developed through the financial markets, it must be done through the prohibition of trade credits.

This report examines South Africa's trade and estimates the amount of trade credit that would be necessary to finance this trade. Most of the credits are provided on a short-term basis of 60 to 180 days and are rolled over several times a year. Only capital goods imports receive medium- and long-term credits, with average terms of about 5 years.

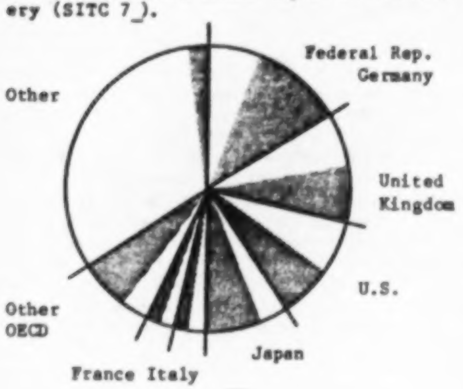
Almost all of South Africa's exports are raw materials and agricultural products which require short-term financing. Figure 1 shows what countries receive South Africa's exports and specifically where South Africa's primary export, gold, is shipped. South Africa is dependent upon imports for much of its ceptial goods which are necessary to keep its economy running. Capital goods require medium- and long-term financing and figure 2 shows that three quarters of these capital goods are imported from four countries: Germany, U.K., U.S. and Japan.

Figure 1. South African Exports by Country of Destination for 1985. Shaded Portion Represents Gold Exports to these Countries



South African Exports to:	Gold	Total
	Millions of US Dollars	
Germany	76	1006
United Kingdom	2122	3420
Switzerland	3194	3264
U.S.	1	2239
Japan	221	1852
Italy	1235	1842
France	16	644
Other OECD	--	1441
Other	--	671
Total	6864	16573

Figure 2. South African Imports by Source for 1985. Shaded Areas Represent Machinery (SITC 7_).



South African Imports from:	Machinery	Total
	Millions of US Dollars	
Germany	1133	1690
United Kingdom	622	1279
U.S.	573	1232
Japan	695	1020
Italy	196	330
France	212	389
Other OECD	661	1260
Other	296	3155
Total	4190	10356

Table I shows the estimated range of the needed finance is very broad, $5.9 billion to $9.3 billion for 1986. This range reflects the variation in the terms of trade financing which may or may not include financing of the materials or goods during the time of further manufacture or distribution. These periods of manufacture or distribution can be financed by trade credits or by refinancing through the South African local markets. Shifting large amounts of this refinancing into the local market can, of course, have adverse effects by forcing South African domestic interest rates upward.

STRUCTURE OF SOUTH AFRICA'S DEBT

Chapter II examines the present structure of South Africa's foreign financing. Much of the present debt is a result of the general purpose borrowing before 1985, together with significant amounts of interbank lending. Thus the specific trade finance must be extracted from the total debt through an analysis of currency distribution of the debt and the guarantees provided by foreign governments. The results of that analysis are given in Table II. The non-bank credits are mostly trade related, but the bank trade credits obviously blur into the general purpose lending. However, the detailed analysis suggests that minimal trade credits might amount to about $7 billion at the end of 1986 which is in agreement with the middle of the range given by our analysis of the trade itself in Chapter I.

A slight shift is seen during 1986 away from bank financing of trade to non-bank financing, although most of the shift in trade figures is a phenomenon of shifting exchange rates between the currencies of the different major trading partners of South Africa. Thus the trade distribution among the various countries shown in figures 1 and 2 for 1985 holds roughly for the physical trade in 1986 and 1987, except that exports to the U.S. are lowered because of sanctions.

The finance provided by the institutions of the various countries is roughly in proportion to the exports of that country to South Africa. A notable exception is the large amount of Swiss bank lending for a country which has little trade except the import of South African gold. However, that gold trade means that the Swiss banks are willing to provide general financing to South Africa.

Japan is the one country for which there have not been good estimates of trade finance provided previously. This study suggests that Japanese banks have made available about $1.6 billion in deposits and lines of credit to South Africa, though direct loans are unlikely. Another $580 million of suppliers' credits are provided mostly by the Japanese Export-Import Bank.

THE EFFECT OF CUTTING OFF TRADE CREDIT

The effects of cutting off trade credits are analyzed in Chapter III in the

Table I. Estimates of the Trade Credits Necessary to Finance South Africa's Trade Credits Outstanding in Billions of U.S. Dollars

	1985		1986		1987	
	Trade	Estimated Financing	Trade	Estimated Financing	Trade (Est.)	Estimated Financing
South African:						
Exports (ex. Gold)	9.3	ST 1.3-2.1	11.0	ST 1.5-2.5	12.9	ST 1.8-2.9
Imports	10.5	ST 2.0-4.0 LT 1.7-2.2	10.5	ST 2.1-4.2 LT 1.8-2.4	13.7	ST 2.7-5.3 LT 2.1-2.8
Total (excl. Gold)	19.9	ST 3.3-6.1 LT 1.7-2.2	22.3	ST 3.6-6.7 LT 1.8-2.4	26.6	ST 4.5-8.2 LT 2.1-2.8
Total		5.0-8.3		5.5-9.1		6.6-11.0

ST: Short-term credits of less than one year.

LT: Medium- and Long-term credits of one year or greater. Outstandings of credits with a term of 5 years represent about three times the annual new lending if in each year the new lending equals the amount of credits paid off.

Table II. Total Credits of Foreign Banks and Non-Banks in South Africa, 31 December 1986. Billion of U.S. Dollars.

Country	Banks			Non-Banks		Estimated Total Exposure
	Total	Total Without Interbank	OECD Gov't. Guaranteed	Total	OECD Gov't. Guaranteed	
U.K.	3.62	2.32	0.83	0.4	0.25	4.0
U.S.	2.96	1.06	0.0	0.4	0.0	3.4
Germany	1.87	1.45		0.9	0.21	2.8
Switz.	1.68			0.1	0.0	1.8
France	2.03			0.2	0.16	2.2
Japan	1.56		0.0	0.6	0.58	2.1
Others	2.41			0.4	0.16	2.8
Total	16.13	8.94	1.80	2.88	1.36	19.1

Without Interbank: Total bank exposure less interbank lending.

OECD Gov't. Guarantees: Guarantees by governments of OECD member countries given separately for bank and non-bank credits. The latter includes credits by government trade finance agencies.

light of the present outlook for the South African economy. Basically the South African economy is suffering a lack of capital investment which is necessary to promote an economic growth rate comparable to its population growth rate. This lack of investment does not come from a lack of funds at present since trade credits are available for financing and there is a net inflow of funds on the balance on current account. Rather it is the lack of confidence by the business community because of the present political situation.

At the most, South Africa is only financing its exports. However, imports require three times that amount of financing which includes significant long-term credits for capital goods. If trade credits were instantly cut off and assuming no other financing, $4 billion to $7 billion would be required to finance the trade with more than $3 billion to $5 billion required the first three to six months. The foreign assets of South Africa's monetary sector at the end of the third quarter of 1987 were only about $4.7 billion. Thus a rapid cut off of trade credit would engender a major fiscal crisis. Even if the trade credits were slowly cut off by South Africa's major trading partners one-by-one, this process would generate significant financial pressures of the order of $500 million to $1 billion per country imposing sanctions against trade credits.

CHAPTER I
TRADE FINANCE: THE VOLUME REQUIRED

WHAT TRADE FINANCE IS AND HOW IT WORKS

Trade credits are used to finance almost all international sales of goods. Bulky goods are shipped over long distances, taking from a week to over a month to arrive in the port of destination. Raw materials and semifinished materials such as steel are further manufactured and imported finished goods must be distributed. The cost of the goods during the transport must be borne by some one, and the cost of the goods during further processing and/or distribution may also be included in this trade finance.

Finally, when a large installation or plant is being built, long-term financing is need until the plant begins to earn revenue. This may include financing to the suppier of goods since there are large production costs which may not be covered by current revenue. Major capital projects typically require finance extending for 5-10 years.

When South Africa had a good credit rating in the first half of the 1980s, trade finance for capital projects could often be raised through general purpose borrowing on the capital markets of London, Frankfurt and Zurich. That is, bonds were issued and large loans from syndicates of banks were available.

Now capital purchases must be financed by trade credits tied to the specific items being purchased. For example, in 1987, the official German export promotion bank Kreditanstalt fuer Wiederaufbau provided a credit of DM32 million ($18 million) to Siemens AG in Germany to produce, supply and perhaps provide longer-term financing for repayment of a telephone system for ESKOM, the South African Electricity Supply Commission (**Frankfurter Rundshau**, 23 January 1988).

In the discussion below, the rather broad time ranges for the terms of trade finance reflect the variations in trade financing arrangements. Some trade credits only cover the period of transport. Others include financing for manufacturing before shipment and some include finance for manufacturing and/or distribution after shipment. The latter processes may be refinanced locally instead of being part of the trade finance. If the export promotion banks in the OECD countries stop guaranteeing trade credits for exports to South Africa, banks and suppliers will be less willing to give generous terms, and local financing will become essential. The choice of the type of trade finance depends on various factors including differences between domestic and international interest rates.

The length or term of trade credits vary according to the type of merchandise being sold. Standard terms are:

a. consumables, small manufactured items, spare parts, raw materials, farm products-- 30-180 days

b. industrial and agricultural equipment, general aviation aircraft-- 180 days-5 years
c. industrial plants, commercial jet aircraft, locomotives-- 5-10 years.

(From the **International Finance Handbook** by Abraham M. George and Ian H. Giddy, Wiley Interscience, NY, 1983.)

Trade finance can be provided by the supplier or by the buyer directly involved in a transaction, or these parties can bring in a bank to play an intermediary role.

Suppliers' and buyers' credits are the most straight forward examples of trade credits. For a supplier's credit, an exporter provides the finance-- shipping the product and collecting payment with interest from the buyer at a later date. This time lag allows for transport halfway across the globe in the case of South Africa and gives the buyer an opportunity to assemble the payment money. Sales on open account are a commonly used form of supplier's credit. Here a firm, typically a large corporation, ships goods to a subsidiary or a regular customer and receives payment at a later date. In the case of a buyer's credit, the purchaser obtains the credit and pays the shipper directly.

Banks may participate in supplier's or buyer's credits by lending a firm the funds which allow it to provide suppliers or buyers credits through a credit facility. Banks can also purchase at a discount the paper held by firms which have provided suppliers credits. This practice in known as forfaiting.

Banks play a direct role in other types of trade lending through letters of credit, revolving credit facilities and other mechanisms. Under such arrangements, a bank pays the exporter at the time the goods are shipped and later collects payment from the purchaser, in addition to a fee for its services. Banks in the importing and/or exporting country can take a role in such a transaction.

THE ROLE OF GOVERNMENT TRADE PROMOTION AGENCIES

Most industrialized countries have government agencies that promote foreign trade by facilitating trade finance. The structure of these programs varies from country to country. Some agencies primarily insure privately arranged trade credits against losses arising from political turbulence and commercial risks, while others actually make trade loans. Most countries offer both insurance and actual trade finance. Table III provides a list of these agencies for South Africa's major trade partners.

Since capital goods exports require risky financing arrangements with years-long terms, the trade promotion agencies in most countries concentrate their resources on financing or insuring these kinds of sales. Agencies do assist in the export of consumer goods as well as imports that are crucial industrial in-puts.

The most important role trade promotion agencies play in regard to South Africa is promoting exports by domestic producers of capital goods. Except for the mining industry, state owned authorities and corporations in South Africa dominate the basic industrial sectors which account for the much of the bulk of the country's imports of capital goods. Thus trade promotion agencies in the industrialized countries which facilitate trade finance with South Africa are almost always dealing directly with an agency of the South African government.

Table III. Government Agencies providing Guarantees and/or Credits for Trade of the Major Trade Partners of South Africa.

	Service
United Kingdom:	
Export Credits Guarantee Department (ECGD)	Guarantees Only
Federal Republic of Germany:	
Hermes Kreditversicherungs	Guarantees
Treuarbeit	Guarantees
Kreditanstalt fuer Wiederaufbau	Credit
AKA-Ausfuhrkredit (Private)	Credit
Japan:	
Export-Import Bank	Credit (Guarantees)
Ministry of International Trade & Industry (MITI)	Guarantees
U.S.:	
Export-Import Bank - permitted to grant credit or guarantees for South Africa only under very special circumstances.	

THE VOLUME OF OUTSTANDING TRADE CREDITS FOR SOUTH AFRICA

Estimated From Trade Data:

This calculation is of the basic finance needed to maintain trade at the 1985 level, assuming that trade credits were used for this finance rather then the general purpose borrowing which was common up through much of that year. Thus the estimate is made for the type of credits which are now in use since the time when the debt moratorium was called in Septmber 1985. The general level will be similar to that required for 1986 and subsequent years.

For most countries the volume of new

trade finance will roughly equal the total of imports plus exports. However, gold sales make up roughly 45% of annual South African exports, and we assume that sales of gold do not require normal trade finance.

South African mining companies sell their gold to the South African Reserve Bank. The SARB probably pays the companies in rand at the time of delivery or very soon thereafter. The SARB sells about 80% of the metal to dealers on the London and Zurich gold markets and most of the remainder to wholesalers in Italy, who resell it to jewelry manufacturers.

Sales by the SARB to the huge financial institutions that control the London and Zurich markets probably take place as follows: Gold is flown to the European centers and immediately credited to the the SARB's gold bullion account. At the time of sale, the metal is debited from the gold account and the amount of the sale minus a commission is credited to the SARB's currency account. Since payment is immediate, no trade credits are needed. Since the Reserve Bank chooses to sell about 20% of its gold to Italy when it could easily sell all the metal in London and Zurich, it seems likely that the Bank has similar arrangements for immediate payment with Italian institutions as well.

With no foreign currency credit needed for gold sales, the total amount of trade finance used by South Africa in a year is assumed to be roughly equal to the sum of imports and non-gold exports. In 1985, South African imports totalled $10.5 billion and non-gold exports were equal to $9.3 billion (**Quarterly Bulletin**, South African Reserve Bank). Thus trade credits for 1985 should equal about $19.8 billion.

The length of these trade credits determine the total credits outstanding at a given moment. Total outstandings, rather than total trade credits allocated in the course of a year are the crucial figures. The outstanding amount of credit, which is constantly coming due and being reissued, represents the amount of finance needed to keep the foreign trade sector of the South African economy running.

To estimate outstandings, South Africa's foreign trade in 1985 was broken down by major commodity groups and assigned trade credits varying in length according to the guidelines in the **International Finance Handbook**, noted above, and after conferring with a banker involved with trade finance. Tables A1 and A2 in Appendix I give the complete breakdown.

Food products and most raw materials were given credit terms of 30-60 days. Light consumer goods such as clothing and stereos and intermediate goods such as steel and auto components were assigned terms of 90-180 days. Agricultural and industrial machinery were assigned terms of 180-360 days, and installations of heavy industrial plants given terms of 5 years. The justification for assigning terms of these lengths is included in Appendix I.

The sum of these categories of trade credits (30-60 days, 90-180 days, 180-360 days, and 5 years) are added together. This total is then divided by the number of times a credit of this length would roll over in a year. Thus a credit of 30 days would expire and be granted for another transaction 12 times in the course of a year, and a credit of 60 days 6 times. Hence, the $7.78 billion of South African exports assigned 30-60 day credits is divided by 6-12 to give a range of $648 million-$1.30 billion for the amount of these credits outstanding.

In the case of credits greater than a year in length, the $558 million in trade that falls under this category is multiplied by the factor needed to keep the amount of outstandings constant. That is a steady state condition with new loans replacing previous ones as they are paid up. For 5 year credits the factor is 3 and for 7 year credits 4. This gives total long-term outstandings of $1.67-$2.23 billion. The equation for the steady state factor is included in Appendix I.

This estimation method gives a range of outstanding credits needed to finance all of South Africa's trade of $4.99- $8.31 billion for 1985. South Africa primarily exports raw materials and basic industrial inputs which were assigned 30-60 day terms in the above scheme. Its imports, by contrast, include a variety of industrial goods which have trade credits with longer terms. Thus, while the volume of the country's imports roughly equals that of non-gold exports in a year, the outstanding trade credits of $3.41-$5.65 billion needed to finance imports is about three times greater than the $1.02-$2.05 billion in outstandings needed to finance exports. All these results are scaled to trade figures for 1986 and 1987 and they are summarized in Table I of the **Summary of Findings** on page 3.

The exporting country provides trade finance in most cases of international sales. Where credit is provided as part of a sales transaction, the exporter or the exporter's bank usually receive delayed payment for goods after they have been shipped.

Since South African imports require about three times the outstanding trade finance as the country's exports, and since the exporting countries generally provide trade finance, it is logical to expect that foreign countries provide about three-quarters of the credit needed to finance South Africa's foreign trade while South Africa only provides about one quarter.

Medium- and Long-Term Credits Estimated from Capital Investment Data:

The total annual imports of capital goods, requiring medium- and long-term financing, will now be estimated from entirely different source data in order to provide a better evaluation of the possible error in the figure of $558 million for 1985 estimated above from trade data. Here the starting point will be figures of total investment in machinery and equipment by the South African economy as a whole.

Table IV. South African Capital Investment
In billions of U.S. Dollars

Investment in Machines & Equipment	1985	1986
All Sectors (1)	5.45	5.11
Public Corporations (1)	2.02	1.73
ESKOM - estimate (2)	1.59	1.21

(1) South African Reserve Bank, **Quarterly Bulletin**

(2) Calculated by scaling from the Public Corporations on the basis of Gross Investment in billions of dollars:

	1985	1986
Public Corporations (1)	2.72	2.32
ESKOM (3)	2.15	1.62

(3) ESKOM Prospekt, **Boersen Zeitung**, 23 December 1987.

As can be seen from Table IV, these investment figures lie beween $5.1 and $5.5 billion for 1985 and 1986. of which between 25% and 30% is investment by public corporations. What fraction of this investment is in foreign purchased machinery and equipment? An estimate of this fraction is only available to us for ESKOM, but it is fortunately the largest public corporation. First ESKOM's investment in machinery and equipment is estimated from that of all public corporations as proportional to their gross investment and is found to be $1.21 billion for 1986. Eskom's foreign borrowing in 1986 was $164 million or 14% of this total investment in machinery and equipment. This borrowing was presumably all though trade credits since the moratorium had already been called and thus it represents the type of financing that is of concern us now. A figure for the total purchases of foreign machiney and equipment of $693 million is obtained by assuming that this 14% applies to the economy as a whole.

This figure of $693 million is 25% higher than the figure of $558 million calculated from the trade data. The $693 million could be high because of ESKOM's relatively high capital intensity compared to other sectors of the economy. On the other hand, the ESKOM borrowing of $164 million in 1986 may be low because of carry over from the large amount of borrowing in 1985. None the less the agreement is quite good considering the differnt bases of two estimates.

Consistency of the Estimate of Short-Term Credits:

The suggestion given above that the South African exports may be primarily financed by South Africa and that imports requiring short-term financing are financed through foreign trade credits can be checked for consistency against the known assets and liabilities of South Africa.

In order to cover their exports, the South African private and banking sector would need short-term assets abroad greater than the required export trade finance of $1-$2 billion. Short-term claims of the South African bank sector on foreign banks were $1.04 billion at the end of 1985 and rose to $1.76 billion by mid-1987 (**International Financial Satistics**, IMF). Short-term claims abroad of the non-bank private sector of South Africa were $1.2 billion at end of 1985 (**Quarterly Bulletin** South African Reserve Bank). The sum of the bank and private sectors is $2.2 billion for the end of 1985. This amount which would just permit this export financing since part of the non-bank assets represent deposits of individuals abroad that are not available for trade finance.

Certainly there are not sufficient assest in the private bank and non-bank sectors to permit financing the short-term imports without using using general purpose medium- and long-term assets and borrowings.

Chapter II
FOREIGN DEBT AND FINANCING SINCE THE MORATORIUM

SUMMARY

The discussion in this chapter will show that there has been a decrease in the shipment of goods to South Africa that were financed by credits extended by exporting nations. Between mid-1985 and mid-1987, the amount of goods financed by insured bank credits had decreased by at least 30% while the amount to goods financed by non-bank credits was the same at the end of 1986 as it was at the end of 1985, and then decreased in 1987. There has been a slight increase in lending to the South African public sector, especially to public corporations, during this period but it is masked by the large decrease in the debt of the private sector.

TOTAL DEBT

The sectors of the foreign creditors of South Africa's foreign debt are shown in Table V for the end of 1985 and 1986. The total debt decreased during 1986 for several reasons. During this period $0.5 billion was repaid on the $10 billion of the debt which was under a standstill agreement with the foreign banks. This standstill agreement was precipitated by a moratorium on payments declared by South Africa in September 1985 and it has been extended until mid-1990.

Payments were made on bonds and no new issues were floated because of the credit conditions caused by the moratorium. However, the figures in Table V seem to belie this, since the amount of outstanding bonds increased in dollar amounts in 1986 when no new bonds were issued. Indeed, bonds falling due during the year were paid off, so the debt should have decreased. This contradiction is explained by the fact that half of the bonds are denominated in deutsche marks and that appreciated by 27% against the U.S. dollar during the year. Thus if no bonds were redeemed during the year, the value of the outstanding bonds as expressed in dollars should have appreciated by 13% just because half of them are in deutsche marks. The increase would be even greater because other bonds are in Swiss francs and other currencies which have also appreciated relative to the dollar.

Payments were also made on the portion of the debt guaranteed by foreign governments and on recent trade credits. However, Table V shows an increase in non-bank trade credits. Here again the Table reflects an appreciation of foreign currencies of the major trading partners of South Africa relative to the dollar. In reality there has been only a slight decrease of this lending.

The following analysis will take up each of these areas of credit in detail and we will want to know whether funds have flowed into or out of South Africa by sector of the creditors and by sector of the borrowers. The only way these flows can be calculated is if the currency distribution of the debt is known, for otherwise currency appreciations can not be distinguished from money flows. Table VI shows this currency distribution in the debt as a whole and by borrowing sector of the South African economy. The latter is deduced from South African government guarantees of debt by currency, which cover all debt of public authorities and public corporations, like the Electricity Supply Commission (ESKOM).

When looking at the bank and private sector, the interbank lending can be immediately separated out because it is almost all in U.S. dollars. This contention is supported by the following facts: First, almost all of the interbank debt is under the standstill agreement, so no new lending is likely to have occurred since September 1985. Then when this debt is expressed in dollars it has decreased roughly at the rate of the specificed repayment schedule. If the interbank debt were denominated in other currencies, it would have increased greatly in dollar terms under the standstill because of the appreciation of these currencies relative to the dollar. The latter has not been the case, and thus the interbank debt is

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TABLE V. Foreign Debt of South Africa in Billions of U.S. Dollars by Source.

	End 1985		End 1986	
	Total	OECD Country Guarantees(6)	Total	OECD Country Guarantees (6)
Foreign Banks (3)	17.459	1.996	16.126	1.802
BIS Reporting Countries (1)	17.003		15.618	
Remaining OECD Countries (2)	0.456		0.508	
Non-Bank Lenders including Official Credit Agencies (4)	2.69	1.076	2.881	1.357
Bonds (5)	2.91		3.118	
IMF	0.851		0.468	
TOTAL	23.473(7)	3.172	22.593(7)	3.159

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(1) **Maturity Distribution of International Bank Lending.** Bank for International Settlements (BIS), Consolidated accounts of banks in Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, United States, and major off-shore centers.

(2) **Statistics on External Indebtedness: Bank and Trade-Related Non-Bank External Claims on Individual Borrowing Countries and Territories** BIS/OECD, Includes BIS reporting area plus claims guaranteed by the governments of Australia, Greece, New Zealand, and Portugal.

(3) The sums of the BIS and OECD data are essentially identical to the IMF data that are reported by the individual debtor countries in **International Financial Statistics** as the sum of "Cross-Border Interbank Liabilities by Residence of Borrowing Bank" and "Cross-Border Bank Credit to Nonbanks by Resident of Borrower". The IMF sums are $17.47 billion and $16.12 billion for 1985 and 1986, respectively.

(4) The total amount of non-bank claims is obtained by difference from the total debt reported by South Africa and all debt that can be allocated by categories. The total amount of non-bank debt given in this table is thus the upper bound for non-bank debt because it represents the remainder and thus the accumulation of errors. The guaranteed portion, from ref. (2), includes insured suppliers' credits and credits extended by official export financing institutions.

(5) 1986: South African Reserve Bank quoted by **Financial Mail**, supplement, 9 October 1987. 1985: Scaled from 1986 using the list of bonds in J.E. Lind & D.V. Espaldon, **South Africa's Debt at the Time of Crisis**, Caniccor, 1986, Appendix B. Early DM bond issues were assumed to have been called to reduce the outstanding to the 1986 level. The increase in the dollar amount of the bonds between 1985 and 1986 is purely a reflection of the appreciation of the deutsche mark in which half the boands are denominated.

(6) Amounts guaranteed by instrumentalities of the governments of the OECD member countries including credits given by official financing agencies. See notes (2) and (4).

(7) South African Reserve Bank, **Quarterly Bulletin**.

in dollars.

At the end of 1986 the interbank debt of South African banks amounted to $7.2 billion according to the Bank for International Settlements (BIS), (**The Maturity Distribution of International Bank Lending**). Thus the remaining $8.0 billion, made up of the remaining $3.0 billion of debt in dollars plus $5.0 billion in various other currencies, is the debt of the South African private non-bank sector. The final principle in the following analysis is the fact that the governments of the various OECD member countries, prefer to provide guarantees and trade loans in their own currencies, and in a few cases only deal in their own currency. This fact will assist in separating guaranteed credits from those without guarantees.

Table VI. South African External Debt by Currency and Sector of the Debtor Economy.
Billion of U.S. Dollars.
End 1986

Currency	Total	Public Sector: Bonds	Public Sector: Public Authorities & Corporations	Bank & Private Sectors
US$	13.5	0.53	2.73	10.2
DM	3.1	1.6	0.2	1.3
UK L	1.2	0.2	0.0	1.0
Swfr	1.7	0.74	0.1	0.8
Frfr	1.0	0.0	0.7	0.4
Japan Y	0.58	0.0	0.41	0.18
Other	1.5	0.2	0.0	1.3
Total	22.6	3.3	4.1	15.2

Sources:

Total debt by currency: South African Reserve Bank quoted in **ESKOM Prospekt**, in the **Boersen-Zeitung** (Frankfurt), 23 December 1987.

Bonds: Bonds are almost entirely public sector financing, for either public authorities or public corporations. See note (4) in Table V.

Public Authorities and Public Corporations Total debt guaranteed by the South African government, **Government Gazette**, No. 10930, p. 13, 25 September 1987, for 31 March 1987, less bonds.

TOTAL DEBT TO FOREIGN BANKS

At the end of 1986, the total debt to foreign banks was $16.1 billion of which $7.2 billion was the debt of South African banks. It should be remembered that this interbank debt was the principal cause of the debt moratorium of 1985, because South African banks had been borrowing excessively in the short-term interbank market to finance long-term capital lending in South Africa. When this short-term debt began to be withdrawn, the resulting liquidity crisis forced the calling of the moratorium.

The distribution of the debt among the creditor banks of the various countries is given in figure 3. The notes to the figure explain how the figure is derived and a further analysis is given in an earlier report by Lind and Espaldon entitled **South Africa's Debt at the Time of Crisis**. Detailed estimates of the exposure of individual Japanese and French banks were not covered adequately in that report and have been recalculted in Appendix II at the end of this report.

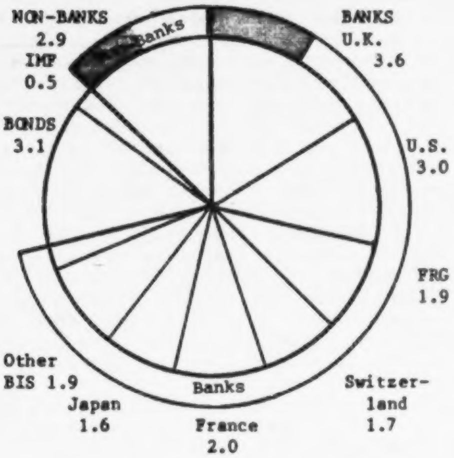
The portion of these debts that represent trade credits is impossible to ascertain. This is true because what in times of good credit ratings is a general purpose loan becomes in times of poor credits ratings trade finance linked to specific trade transaction. However, some information is available on bank trade credits which are insured by governments of the OECD member nations, and that is described below.

INSURED BANK CREDITS

Figure 4 shows the bank credits for trade that are insured by OECD member countries as a function of time. On the dollar basis given in the figure, the amount appears to have been constant since mid-1986. However, while interbank lending is primarily in dollars, trade credits tend to be denominated in the local currencies of the country exporting to South Africa. Only two countries provide public data on these guaranteed bank trade credits.

The U.S. does not now generally provide insurance, and has only $0.358 million of

Figure 3. South African Debt as of the end of 1986 Distributed by the Category of Lender. U.S. Dollars amounts are in Billions.



Other OECD,0.5,between Bonds and Other BIS

Notes:
This figure should not be used to determine changes in the debt over the year 1986 by comparison with a similar figure given by J. E. Lind & D. V. Espaldon in **South Africa's Deb at Time of Crisis**, Caniccor, 1986. The accompanying estimate is entirely new and tries to establish, with additional data not on hand for the previous report, a lower bound for the Japanese exposure. The previous data provides an upper bound to the Japanese exposure.

General Catagories: Sources are given in the notes to Table V.

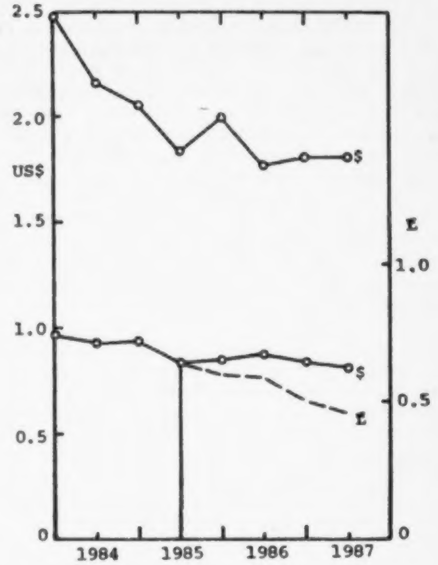
▨ Portion insured by OECD member governments. See notes (2) and (3) to Table V.

BANK LENDING:

U.K.: **Quarterly Bulletin** of the Bank of England in Table 15 gives the exposure of U.K. registered institutions as $4,245 million. These institutions include Registered banks and licensed deposit taking institutions of the U.K. as well as such instituitons which are owned by foreign banks. The

Continued on page 19.

Figure 4. Bank Credits Guaranteed by the Member Countries of the OECD in Billions.



Total guaranteed amounts expressed in U.S. dollars are from reference (2) in Table V.

U.K. guarantees expressed in U.S. dollars are from **Quarterly Bulletin** of the Bank of England, Table 15, assuming all "outward risk transfers" are to the U.K. This assumption is probably good to within a couple of percent. The dashed line represents these amounts expressed in pounds sterling. Over 90% of all the guaranted bank credits are assumed to be in pounds sterling because the amount of exposure of banks in the U.K. to South Africa in pounds sterling from Table 14 of the **Quarterly Bulletin** coincides within 3% in mid-1985 with the "outward risk transfers". Its graph has roughly the same curvature as the total amount of guaranteed debt of U.K. registered banks, but decreases to 92% of the guarantees by mid-1987. It also equals the total of pound sterling debt in the total south African foreign debt as of the end of 1986.

a $5.1 million Export-Import Bank guarantee to run off the books (**Contingent Foreign Liabilities of the U.S. Government**, U.S. Treasury Department, 30 June 1987).

The only other country which reports insured banks credits is the U.K. and its figures are plotted in Figure 4 in dollars. The U.K. insured bank trade credits made up about 45% of the total insured bank credits in mid-1987. The data indicate (see the note to the figure) that these guaranteed credits are essentially all in pounds sterling. Thus total U.K. guarantees since mid-1985 have also been plotted in pounds sterling on a scale so that the guarantees expressed in Pounds coincides with the same total expressed in dollars for mid-1985.

Mid-1985 is close to the imposition of the moratorium on the South Africa external debt in September 1985 and the graph therefore shows the trend in lending of pounds sterling since the moratorium's imposition. The plot in pounds shows the decrease in pound credits which is masked by the conversion to a depreciating dollar. The yen and the deutsche mark have appreciated with respect to the dollar even more than the pound. Thus it can be said with reasonable certainty that bank credit guarantees have continued to drop throughout the period of the graph when expressed in the currencies in which these credits are denominated. The total decrease in these currencies between mid-1985 and mid-1987 is at least as great as 30% that is given by the pound sterling figures for that period.

In the case of Japan, we can assume that insured banks credits are almost zero. First, most trade credits that are guaranteed by Japan are made in the form of official financing of the Export-Import Bank rather than as insured credits of the Ministry of International Trade and Industry (MITI) and the Export-Import Bank. Thus guaranteed bank trade credits are not common. Secondly, it is the lending in yen that is likely to be under Japanese guarantees and two-thirds of the it is to the South African public sector. Since Japan has a policy that banks should not make loans to the South African government (**The Japan Times**, 19 December 1986), this two-thirds should not be guaranteed bank credits. As a result of the weight of these arguments, we assign a value of zero to the Japanese guaranteed bank credits.

What do these various currency figures mean in terms of the amount of goods delivered on the docks in South Africa? Initally, some of the local currency prices are locked in through contracts. However, some exporters in countries, whose currencies have appreciated, will cut prices to stay competitive with dollar denominated goods in the hope that exchange rates are experiencing only a short fluctuation. These exporters can not maintain these price cuts over a longer time frame because the price cuts reduce exporters' profit margins significantly. Thus in the medium term the graphs of appreciated currencies will somewhat undervalue the amount of physical exports and the graphs of depreciated currencies will tend to overvalued physical exports, leaving the amounts of physical exports lying somewhere between the two. In the long term, the assumption that prices are fixed in the domestic currency of the exporter is probably more accurate.

NON-BANK CREDITS

Non-bank credits are the other major source of credits now available to South Africa. These include private suppliers' credits and both supplier and buyer credits from govenment credit agencies like the Japanese Export-Import Bank and the German trade finance agency, Kreditanstalt fuer Wiederaufbau. The $2.881 billion in non-bank credits at the end of 1986 in Table V is estimated by subtracting from the total debt of $22.593 billion the sum of the debt to the foreign banks, the bond holders and the IMF. Since all errors in the various data accumulate in this difference of $2.881 billion, and thus it is not highly accurate.

This non-bank credit appears to rise in Table V from $2.25 billion at the end of 1985 to $2.88 billion at the end of 1986, with the OECD member country guaranteed portion rising from $1.08 billion to $1.36 billion. Thus there appears to be an increase of both the total and the insured portion between the end of 1985 and 1986. However, these increases are attributable to currency exchange rate changes as shown below.

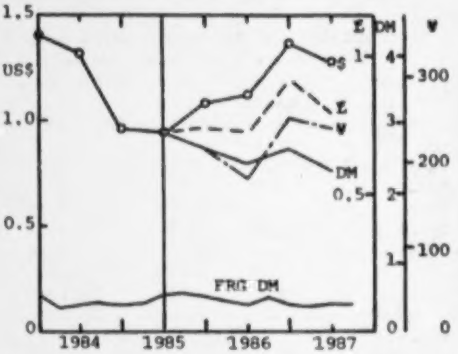
Figure 5 shows the insured portion rising rapidly after the debt standstill in late 1985. By converting this debt into various currencies and setting the vertical currency scales on the right hand side of the figure to coincide at the mid-1985 data point, figure 5 shows that if all the guaranteed debt were in deutsche marks, there would have been a general decline in the amount of this guaranteed deutsche mark debt. Assuming a fixed price for goods in each currency, this means a decrease in the physical amount of goods exported to South Africa with OECD guaranteed financing. If the exports were in pounds or yen, the amount oscillates and is only very slightly higher in mid-1987 than in mid-1985.

The amount of German exports financed by non-bank institutions is plotted in deutsche marks at the bottom of figure 5. They amount to about 20% of the total OECD member country guaranteed non-bank credits, assuming that the German data refer mostly to guaranteed credits. The German credits remain relatively constant throughout the time period when expressed in deutsche marks, but they would show a spurious increase since 1985 if they were expressed in dollars.

Estimates of the amount of non-bank credits and guarantees in all the various currencies must be made before we can see if the amount of goods delivered has increased or decreased over time. Table VII gives our estimates with an explanation in the notes to the table. The U.K. portion of the non-bank credits is roughtly estimated as $250 million at the end of 1986, while the largest contributor is Japan with $580 million or 43% of the total as suppliers' credits.

By using the currency distribution at the end of 1986 and assuming that the distribution remains relatively constant over time, the value of the non-bank guarantees and credits at the end of 1986 can be calculatd back to mid-1985 through the exchange rates. The result shows that there was no change in the amount of each currency and that the variation in the dollar amounts in figure 5 is all a result of the exchange rate variation between mid-1985 and the end of 1986. Some decrease then occurs in 1987. If the value of goods is constant in a given currency, this result means that there was no change in the amounts of goods covered from mid-1985 until the end of 1986.

Figure 5. Non-Bank Credits Guaranteed by the Member Countries of the OECD, Suppliers' Credits and Credits of Official Export Financing Institutions in Billions.



Total non-bank insured credits, expressed in U.S. dollars, are taken from reference (2) in Table V. Scales on the vertical axes for other currencies are set so that they coincide for mid-1985 just before the moratorium. It is thus evident that much of the increase in the insured and gaurateed credits expressed in dollars results from the falling value of te dollar, since these credits expressed in other currencies remain more or less constant.

Non-bank credits of the Federal Republic of Germany, insurance not specified, are expressed in deutsche marks from Table 11c of the **Statistische Beihefte zu den Monatsberichten der Deutschen Bundesbank**, Series 3, **Zahlungsbilanzstatistik**.

Looking at the total non-bank credits, both insured and uninsured over the year 1986, the total increased in dollar terms from $2.25 billion to $2.88 billion, a 28% increase. However, to determine the real change in the amount of goods delivered a currency distribution must be obtained for all non-bank credits. Such a distribution is estimated by scaling the machinery exports for OECD member countries from 1985 to 1986 by the ratio of the total ex-

Table VII. Insured Credits to South Africa by OECD Member Countries by Type of Creditor and Currency exclusive of Dollars Expressed in Billions of U.S. Dollars End 1986

	Total (1)		Insured Credits OECD 2	
Currency		Without Bonds	Bank	Non-Bank
DM	3.1	1.5		0.21
UK L	1.2	1.0	0.75	0.25
Swfr	1.7	0.9		0.0
Frfr	1.0	1.0		0.16
Japan Y	0.58	0.58	0.00	0.58
Other	1.5	1.4		0.16
Total	9.1	6.5	1.80	1.36

Notes:

(1) See Table V for Sources.

(2) See Table V, Footnote (2) for Source.

DM: Non-bank credits Table 11c, **Statistische Beihefte zu den Monatsberichten der Deutschen Bundesbank**, Series 3.

L: See notes to figure 1 for bank guarantees. Total guarantees are estimated for the end of 1985 from the ECGD-reported amount for all Africa. This amount is scaled by the percent of African trade with South Africa and yields about $1.2 billion for guaranteed suppliers' credits to South Africa. Only $1.0 billion is available in pounds sterling and $0.75 billion is already allocated to bank credits, as explained in the note to figure 1. This leaves $.25 billion for non-bank credits. These must be insured suppliers' credits since the U.K. does not directly provide buyers' credits through a government export bank.

Swfr: Switzerland has little trade with South Africa other than imports of South African gold on account. Therefore non-bank credits are minimal

Frfr: Non-bank credits in Frfr and "other" currencies are obtained by the difference between the total insured amount of $1.36 billion and the estimated credits in DM, L, Swfr, and Y. The remainder is apportioned between francs and "others".

Y: When the outstandings of export credits of The Export-Import Bank of Japan for Africa, given in its annual report

Continued at bottom of next column.

ports in those two years and by scaling the $2.88 billion of non-bank credits using these estimates of machinery exports in 1986. The results are listed in Table VIII. The distribution of currencies of the exporting countries in the remaining debt is sufficient to cover all these exports in domestic currencies except for the U.K. where $0.15 of U.S. dollars would be required. Using this currency distribution, the $2.88 billion at the end of 1986 would have represend only $2.45 billion worth of currencies a year earlier. Since non-bank trade credit at that time was only $2.25 billion, there was a real increase in non-bank trade credits during 1986 of 8%, assuming that prices remained constant in each currency.

SUMMARY OF FOREIGN CREDITS

The analysis given above provides a general picture of the South African exposure of foreign banks and non-banks which is outlined in Table VIII. If exposure to South African banks is omitted, foreign banks have provided credits of $8.94 billion to the public and private sectors of South Africa at the end of 1986. Non-banks, that is other businesses and official financing agencies, have provided $2.88 billion. Having now analyzed the

Table VII. Continued.

for 1985, are scaled by the percentage of African trade with South Africa, the cover for South African suppliers' credits is 30% of the total for Africa or $0.52 billion. Unfortunately the 1986 annual report mixes suppliers' and buyers' credits, so that the suppliers' credits cannot be isolated. Within the accuracy of this estimate, the total yen exposure of $0.58 billion is probably insured. Buyers' credits are probably not provided, at least for the $0.40 billion of lending to public corporations shown in Table VI because of the prohibition by Japan on lending to the South African government. Thus we assume that all the Japanese non-bank credits are suppliers' credits.

Other: Non-bank amount apportion by difference from the total as in the case of Frfr.

Table VIII. Total Exposure of Foreign Banks and Non-Banks in South Africa at the end of 1986 in Billions of Dollars.

Country	Foreign Banks			Foreign Non-Banks	
	Total	Without Interbk	Guar.	Total	Guar.
U.K.	3.62	2.32	0.83	0.4*	0.25
U.S.	2.96	1.06	0.0	0.4*(1)	0.0
Germany	1.87	1.45		0.9*	0.21
Switz.	1.68			0.1*	0.0
France	2.03			0.2*	0.16
Japan	1.56		0.0	0.6*	0.58
Other	2.41			0.4*	0.16
	16.13	8.94	1.80	2.88	1.36

Without Interbk: Total foreign bank exposure less interbank lending to South African banks.

Guar.: Amount of total which is guaranteed by governments of the OECD member countries.

* Very rough estimates by scaling the total of $2.8 billion by the machinery exports of each country for 1986. The 1986 values were obtained by scaling the 1985 OECD statistics for Machinery to 1986 by total exports for each year.

(1) U.S. data for non-bank credits are given as $50 million in Table CM-IV-5 of the **Treasury Bulletin**, Department of the Treasury. However, claims on subsidiaries are not included and thus it is a lower bound.

non-bank creditors, further insight can now be gained on the banking sector.

Subtracting all the currencies in the bond and non-bank debt categories from the currency distribution of the total debt, leaves $3.2 billion in various currencies other than dollars (DM 0.6, Swfr 0.6, Ffr 0.8 and other currencies 1.0 , all expressed in billions of dollars). These amounts more than adequately cover the unallocated $0.97 billion of guaranteed bank credits not yet accounted for, leaving another $2.2 billion in bank credits which are not guaranteed.

Thus known trade credits are amount to $2.88 billion of non-bank credits and $1.80 billion of guaranteed bank credits, totalling $4.68 billion. Of the remaining $7.14 billion of foreign bank credits to the South African non-bank sector, $2.2 billion are not denominated in dollars and are thus more likely to be directy associated with trade. This analysis suggests that outstanding trade credits are about $6.9 billion. This amount is just above the upper bound estimated in Chapter I for South African import credits in 1986.

KNOWN LENDING SINCE THE MORATORIUM

The one sector of the South African economy which is known to have received foreign funds since the moratorium has been the public sector, both public authorities and public corporations.

Hearsay evidence suggests that Swiss and/or German banks lent about $400 million in early 1986 to the public authorities for oil purchases to restock their reserves at a time when the price of oil started dropping rapidly. Since oil is sold in U.S. dollars, these loans were presumably in dollars. When we look at the Bundesbank statistics, an assumption must be made about the currencies that the South African lending is in to permit the calculation of the money flows. Only the figure for the British banks is available, and it shows that $80% of British bank exposure is in U.S. dollars. Using this same percentage for the German banks, a flow from German banks to South Africa of about $130 million can be seen in the first half of 1986 and this is primarily in the the first quarter. This in-flow to the South African public sector is against the background of a much larger out-flow from South African banks to the German banks. While this calculation is not very accurate, it suggests that the larger portion of these oil loans may be Swiss.

ESKOM, a public corporation, reported $164 million (R371 mi.) in foreign loans in 1986, and projectd a total of $465 million (R929 mi.) for 1987. The Reserve Bank already reports a net inflow to public corporations in the first half of 1987 of $340 million. Where is this money coming from and can these flows be seen from the side of the supplying banks and other institutions?

First, some of it is generated internally within South Africa. When a South African debtor pays off its foreign currency debt which is under the standstill agreement, the money is deposited with the Public Investment Commission (PIC). If these funds are not needed at that time for payments under the agreement, they will be lent out (reinvested) within South Africa in the public sector. Some of these funds are also being directly acquired by ESKOM. Thus the standstill agreement is providing a pool of foreign funds for the government.

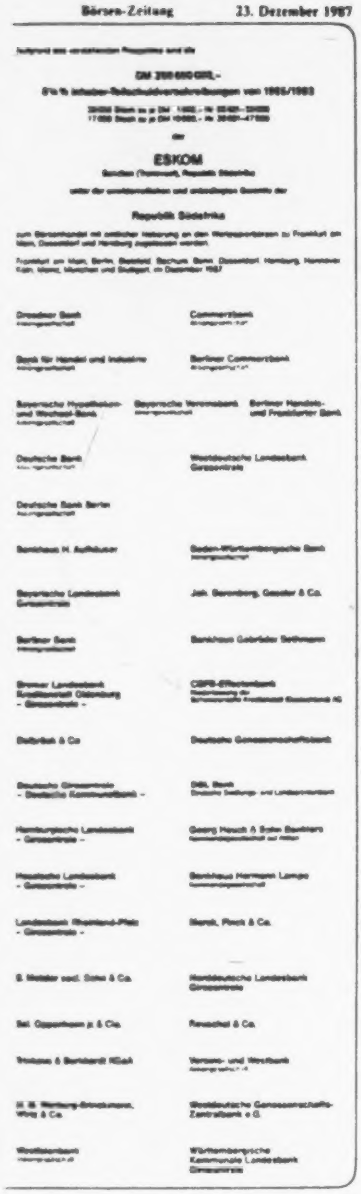
Secondly, export credits are still available from all the major trading partners. Only the U.S. has cut off government guaranteess and lending, but pivate sector trade credits are permitted. As Larry Harper, ESKOM's gerneral mananger of finance, stated "If we place orders overseas using credit lines with oveseas institutions we can still fund a least 85% of our import requirements. . . There has been no indication that that sort of finance will be withdrawn." (**Financial Mail**, Supplement, 24 July 1987)

The exposure of U.K. banks in the South African public sector has been rising continuously in dollar amounts since the end of 1985, exspecially in the first half of 1986 and again in the first half of 1987. Using the fact that 80% of U.K. bank lending to South Africa is in dollars, the flow to the South African public sector in the first half of 1986 would be about $160 million while that in the first half of 1987 would be about $170 million. In the latter case the flow is almost completely compensated by a decrease in unused commitments which suggests that the flow was a result of a draw down on an already committed loan or loans. German bank data suggest a net flow into the South African non-bank sector, including the public sector, of about $40 million in the second quarter of 1987. Remember these flows are net flows or flow into South Africa minus any repayments of existing loans. Thus the actual in-flows are larger and have probably risen even more in the second half or 1987.

Three credits for a total of DM 32.8 million are known to have been accorded to the South African Post and Telecommunications Administration in 1987 for financing telephone offices by the German reconstruction bank, the Kreditanstalt fuer Wiederaufbau (KfW) (Letter 21 March 1988, FRG Embassy). The **Frankfurter Rundschau**, 23 January 1988, had reported that these credits were for ESKOM, but the German Embassy stated that this report was incorrect.

Perhaps the most unusual and largest new funding for ESKOM came at the end of 1987. This was the floating of DM 200 million ($126 million) bond issue with Dresdner and Commerzbank as lead underwriters. It is unusual because it is not a "new" bond issue because it was registered 33 months earlier on 1 April 1985. The reasons for the delay in issuing the bonds are not known.

Thus trade credits are being provided at a moderate level with the specifics only occasionaly coming to public light. Finally one delayed bond issue in 1987 is providing ESKOM with $126 million of general funds for its building program.



Börsen-Zeitung 23. Dezember 1987

ESKOM

Republik Südafrika

Dresdner Bank
Commerzbank
Bank für Handel und Industrie
Berliner Commerzbank
Bayerische Hypotheken- und Wechsel-Bank
Bayerische Vereinsbank
Berliner Handels- und Frankfurter Bank
Deutsche Bank
Westdeutsche Landesbank Girozentrale
Deutsche Bank Berlin
Bankhaus H. Aufhäuser
Baden-Württembergische Bank
Bayerische Landesbank Girozentrale
Joh. Berenberg, Gossler & Co.
Berliner Bank
Bankhaus Gebrüder Bethmann
Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -
CBPS-Effectenbank
Delbrück & Co
Deutsche Genossenschaftsbank
Deutsche Girozentrale - Deutsche Kommunalbank -
DSL Bank
Hamburgische Landesbank - Girozentrale -
Georg Hauck & Sohn Bankiers
Hessische Landesbank - Girozentrale -
Bankhaus Hermann Lampe
Landesbank Rheinland-Pfalz - Girozentrale -
Merck, Finck & Co.
B. Metzler seel. Sohn & Co.
Norddeutsche Landesbank Girozentrale
Sal. Oppenheim jr. & Cie.
Reuschel & Co.
Trinkaus & Burkhardt KGaA
Vereins- und Westbank
M. M. Warburg-Brinckmann, Wirtz & Co.
Westdeutsche Genossenschafts-Zentralbank eG
Westfalenbank
Württembergische Kommunale Landesbank Girozentrale

Figure 3, Continued from page 13.

latter must be separated out, leaving the British owned banks. The exposures of the major U.K. banks are as follows: Standard Chartered L744 ml., Barclays L728 ml., National Westminster L400 ml., Midland L200ml., Lloyds L140 ml. The first two were reported in the 1986 annual reports and the remaining three were estimated. The sum of the above in US dollars is $3262 and is assumed to be 90% of the British bank exposure because of the high concentration in U.K. banking. The U.K. bank exposure becomes $3624 with the remainder of $621 being the exposure of foreign owned banks in the U.K.

To estimate the distribution of this exposure to other countries, we proceed as follows: Tables 3.5 through 3.8 of the **Bulletin** give the overseas loans and advances of all banks in the U.K. monetary sector as of 18 September 1985, as U.S. (L67.3 bl.), Japanese (L116.2 bl.), other countries (93.7 bl.) and consortium (L12.0 bl.). The September 1985 figures are used since this is just after the moratorium was declared, and the distribution should not have changed much so far as South Africa is concerned since then. While this distribution of loans and advances assets institutions which are not a part of the registered institutions, we assume that it holds for the subset of registered institutions. Using this distribution to allocate the $4621 million of South African exposure yields $250 milion from Japanese banks. Most of the U.S., German, Swiss and French will presumably be caught by their exposures explained below, leaving the remainder to be allocated throughout the rest of the world as explained below.

U.S.: **Country Exposure Lending Survey**, Statistical Release E.16 (126), FFIEC, $2,957 million.

Federal Republic of Germany: **Statistische Beihefte zu den Monatsberichten der Duetschen Bundesbank**, Series 3, **Zahlungsbilanzstatistik**. Sum of Table 7d, 8b and 9b which yields DM 3625 million for end 1986.

Switzerland: The end 1984 exposure of Swfr 4,554 ml is given by **Das schweizer-**

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ische Bankwesen im Jahre 1984, Report 69, BIS. This was scaled to the end of 1986 by using the ratio of the FRG exposure in DM at the two dates, and yielded Swfr 2,727 million.

France, Belgium, Canada, and Ausria: The exposure of these countries were scaled from their 1985 values by a factor of 0.921, which is the ratio of the sum of the exposures for the U.S., U.K., Germany and Switzerland for those two dates. For the 1985 data for France, Belgium and Canada, see J.E. Lind & D. V. Espaldon, **South Africa's Debt at the Time of Crisis**, Caniccor, 1986. For Austria The exposure of US$ 143 million was given for 28 June 1985 by the Austrian Finance Minister in Parliament on 13 December 1985. **Die Presse** (Vienna) gave a value of Sch 7 billion on 24-27 October 1985, but this seems high. Thus the value reported by the finance minister is used.

Japan: The $250 million of exposure of U.K. subsidiaries is added to the amount scaled from the unallocatd BIS exposure using the U.K. allocation as $4,245 million to give a total of $1,560 million. The scaling factors are the assets of international banks in each country as of the end of 1984. See below.

Other BIS Reporting Countries: The exposures of the countries given above including total Japanese exposure is subtracted from the BIS total and this remainder is allocatd to the remaining countries by using a weighting factor equal to the total assets of the internaional banks in each country as of the end of 1984. The moratorium of 1985 freezes most of this bank debt so the lending occured through mid-1985 and thus the assets of 1984 should be used, not of 1986. This yields in millions of US$: Denmark 59, Finland 88, Ireland 30, Italy 543, Luxembourg 45, Netherlands 192, Norway 36, Spain 136, and Sweden 116.

Australia, Greece, New Zealand, and Portugal: Bank exposure insured by these governments is given in note (2) of Table V by the OECD.

CHAPTER III
THE EFFECT OF CUTTING OFF TRADE CREDITS

Dr. Gerhard de Kock, Governor of the South African Reserve Bank, in his "optimistic scenario" for 1988 foresaw the possibility of a 4% growth in the South African economy (Address of 18 September 1987, reprinted in the **Quarterly Bulletin** of the Reserve Bank, September 1987). This scenario required among other measures "An increased use by South African importers and exporters of foreign trade and suppliers' credits with a consequent improvement in the capital account of balance of payments." The question for this report to answer is just what effect would the cutting off of trade credits have on the South African economy?

Because many of the present trade credits are in the form of suppliers' credits, such a ban on trade credits would most easily be enforced by each of South Africa's trading partners requiring a proof of payment for each item as it is shipped into or out of their country.

THE ECONOMY

The average growth rate of South African economy during the 1980's has been very low. The best linear fit of the growth of the gross domestic product beween 1980 and 1986, inclusive, is 0.88% per year according to Nedbank (**Guide to the Economy**, November 1987). In seeking answers to why the growth rate has been so low, Nedbank enumerates several constraints on the economy. Among these constraints are the "low ebb of entrepreneurial confidence" and "the completion of major infrastructural programmes of the parastatal corporations". The latter point highlights that this small of growth has been led by the capital spending of the parastatais like ESKOM. In fact de Kock in his above mentioned address states that an essential requirement for a take off of economy in 1988 is a "distinct revival in real fixed and inventory investment" and that a growth rate of 4% can only be achieved if there is a marked increase in the total spending in capital outlays on plant, equipment and construction.

As was explained in Chapter I of this report, the essential machinery involved in capital outlays must be purchased abroad and thus financing for these purchases is crucial to the implementaion of this plan of economic growth. The lack of sufficient capital outlays is in part the result of the low ebb of entrepreneurial confidence arising from the political problems in South Africa and from the imposition of sanctions from abroad.

This lack of confidence is exemplified in the IMF figures for errors and omissions in the South African balance of payments figures. The errors and omissions are an indication of unreported capital flight under circumstances like the impositon of U.S. sanctions in the last quarter of 1986. Indeed in that quarter, the IMF's **International Financial Statistics** reports that errors and omissions were a little over $1 billion, signifying massive capial flight. Note that the South African Reserve Bank tried to explain this $1 billion outflow as a shift from external to domesic financing of foreign trade by their usual combining of reported short-term capital flows with errors and omissions. Thus if sanctions continue to be scaled upward and/or if the political scene continues to worsen, the entrepreneurial confidence will continue to ebb even with funds available from the present positive flow of funds in the balance on current account.

ESKOM's present expansion plans are a transparent use by the government of a parastatal to prime the economic pump through capital investment with hope that the ripple effect will raise the entrepreneurial confidence and create more investment. ESKOM's expansion, with five new power stations under construcion, is based upon the premise of a 7% annual increase in the demand for elecricity in a country whose central bank governor's most optimistic hope is for a 4% growth rate and whose average real growth has been under

1% for the past 7 years. The financing for capital equipment for these power stations is coming from prior commitments, the December 1987 bond issue in Germany, new suppliers' credits of foreign banks, some suppliers' credits from foreign government export agencies, and foreign funds locked in by the standstill agreement (1). The prohibiton of trade credits by South Africa's major trading partners (U.S., Germany, U.K. and Japan) would exclude most of the sources and force South Africa to depend upon those funds locked in by the standstill agreement. However, these funds all become due in mid-1990, along with $ 1.1 billion of bonds coming due that year, making the use of these locked-in funds very perilous. South Africa is obviously hoping that the economic and political situation will be sufficiently good that these debts can be rolled over at that time. Otherwise there will be a crisis like the one in September 1985.

SANCTIONS AGAINST TRADE CREDITS

How much liquidity does South Africa have if trade credits ceased being granted by foreign banks, corporations and government agencies in the major exporting countries to South Africa? Certainly the over borrowing of the South African banks up until the moratorium in 1985 was prompted by the very high domestic South African interest rates and relatively low international capital market interest rates. This fact suggests that as much trade finance as possible was sought abroad at that time. Foreign dollar and domestic rand interest rates did not begin to converge until late 1986 and early 1987. There have been no large outflows of recorded short-term capital since the beginning of 1986 which would suggest, as the Reserve Bank erroneously proposed for the fourth quarter of 1986, that there has been a major shift toward domestic finance of trade since the moratorium.

Thus even if South Africa was providing the $1.8 billion to $2.9 billion of its own export finance in 1987, imports required about $2.7 to 5.3 billion of short-term oustandings. Annually new medium- and long-term funding of $0.7 billion to $0.9 billion was required and any cut off of trade credits would require raising this amount plus an equal amount to pay off long-term debt from previous years that is coming due. (Long-term outstandings would climb to $2.1 to 2.8 billion over five years.) Thus the total bill for imports in the first year after all trade credits were cut off, assuming no other sources of credit, would be $4.1 billion to $7.1 billion. In the succeeding years the amount of new money would be reduced to the amount of new medium- and long-term funds for capital imports and service on the previous debt. However, the economy would be saddled with large amounts of foreign exchange tied up in trade finance and not otherwise available.

The primary effect of the cutting off of trade credits is the sharp impact of raising $4 billion to $7 billion in foreign exchange in the year the sanctions are enforced with most of that capital being necessary in the first three to six months. This assumes that all major trading partners act at the same time and is reduced proportionally if they do not.

As of 30 September 1987, the South African Reserve Bank held foreign assets of $3.70 billion of which $2.61 billion was in gold reserves. For these gold reserves to be utilized, they would need to be swapped for foreign currencies. These reserves are building up partly to keep an over supply of gold off the market in order to maintain a stable price. The banking system held foreign assets of another $0.96 billion. Finally foreign deposits by non-banks were $1.75 billion. These assets represent the main sources of foreign exchange that can be quickly tapped. The Reserve Bank and banking system assets of $4.66 billion are most accessible while the foreign deposits include individual accounts which have no relation to imports and are thus inaccessible for these purposes. Comparing these numbers with the $4 billion to $7 billion required to finance the trade indicates that South Africa would face a financial crisis if trade credits were cut off by its major trading partners for south Africa could barely cover the needs at the lower estimate of the trade finance by liquidating almost all of its foreign reserves.

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(1) When a South African debtor pays off any of its debt which is under the standstill agreement, it is normally paid into the Public Investment Commission (PIC). This agency pays any portion of the principal that is due under the agreement. This amount is a little under 5% per year. The remaining amount is then reinvested with PIC paying an extra 1% interest to the original lender. This reinvestment is a relending of foreign funds, primarily to South African government agencies and parastatal corporations. Technically all remaining principal is due on 30 June 1990.

APPENDIX I

TRADE CREDIT ANALYSIS OF TRADE DATA

The most significant problem in estimating the volume of outstanding trade credits is not knowing the exact terms of trade finance agreements. The ranges given in published sources, such as the figures from the **International Finance Handbook** noted in the text, are very broad. For example, the 30-180 day terms given for raw materials, consumables and parts mean that credits on these items could roll over anywhere from two to 12 times a year.

Narrower estimates of the time span of trade credits were obtained by consulting with a banker involved in international trade finance. He gave us typical terms for representative products that are traded internationally. Products were selected that have an important place in South Africa's foreign trade. The banker's comments are summarized as follows:

1) Raw materials such as petroleum, coal, and metal ore are likely be sold to major corporations with short credit terms of 30-60 days. Food articles such as fresh vegetables would have the similar terms.

2) Steel typically has a 180-day term that allows the buyer the time to use the metal in the fabrication of final goods and sell them before the trade credit is paid back.

3) Consumer goods such as clothing and stereos generally have terms in the 90-180 day range to allow the buyer time to resell the products to retailers before the credit is paid back.

4) Auto components have terms of up to 180 days.

5) Most purchases of machinery-- several food- processing machines for example-- have 180 day terms. This falls at the bottom of the 180 day- 5 year range for this type of product. Only large orders such as an assembly line or an entire plant have credits of several years in length. Furthermore, exporting companies selling large orders of capital goods to an associated company in a foreign country typically extend short-term finance by selling on open account. the purchasing company than arranges further financing locally.

Based on these statements we assigned the following terms for trade credits:

1. Raw materials, most intermediate goods and food-- 30-60 days.
2. Steel-- 180 days.
3. Consumer goods and auto components-- 90-180 days.
4. Most agricultural and industrial machinery-- 180-360 days.
5. Large orders of capital goods-- 5-7 years.

The following tables present South Africa's imports and non-gold exports broken down by commodity according to the SITC classification system. Trade credits terms assigned based on the principles just discussed appear to the right of the dollar amounts. Totals of trade covered by different lengths of terms are given after the tables.

Table A1. South African Imports from OECD Countries by SITC Classification with Estimates of Lengths of Trade Finance, 1985

	Imports US$ mil.	Credit Terms Days
Total World (1)	10,518	
Total OECD	7,201	
0- Food & live animals	208	30-60
1- Tobacco & beverages	84	30-60
2- Crude materials, inedible	262	30-60
3- Mineral fuels, lubricants	86	30-60
4- Animal & vegetable oils	49	30-60
5- Chemicals	1,015	30-60
6- Manufactured articles	935	
64- Paper	(170)	30- 60
65- Textiles, fabrics	(165)	90-180
66- Non-metallic min. goods	(102)	30- 60
67- Iron & steel	(166)	180
68- Non-ferrous metals	(57)	30- 60
Other 6-	(275)	30- 60
7- Mach. & transprt eq. (2)	3,894	

71- Power generating eq.		397	
711- Steam boilers		(28)	5-7 yrs
712- Other steam units		(78)	180-360
713- Intrnl combust. eng.		(149)	90-180
714- Non-elec. eng. & mtrs		(20)	90-180
716- Rotating elec. plant		(111)	
	20%	(22)	5-7 yrs
	30%	(33)	180-360
	50%	(56)	90-180
718- Other power gen. eq.		(11)	90-180
72- Specialized mach. (3)		568	
73- Metalworking mach. (3)		106	
74- Gen'l indust'l mach. (3)		587	
	20%	(252)	5-7 yrs
	80%	(1,007)	180-360
75- Offic mach. & ADP eq.(4)		455	
	10%	(46)	5-7 yrs
	10%	(46)	180-360
	80%	(364)	90-180
76- Telecomm. & sound eq.(5)		315	
	10%	(32)	5-7 yrs
	10%	(32)	180-360
	80%	(252)	90-180
77- Electric machinery (6)		459	
	30%	(138)	5-7 yrs
	70%	(321)	90-180
78- Road vehicles (7)		868	
	20%	(174)	180-360
	80%	(694)	90-180
79- Other transport eq. (8)		126	
		(40)	5-7 yrs
		(86)	180-360
8- Misc. manufac'd goods (9)		573	90-180
9- Other (10)		96	180-360
From non-OECD countries(11)		3,317	
Oil		(3,036)	30- 60
Other		(281)	90-180

Combust.: combustion
Elec.: electric
Eng.: engines
Eq.: equipment
Gen.: generating
Mach.: machinery
Min.: mineral
Telecommun.: telecommunications

Source: OECD, Foreign Trade Statistics, Commodity by Country.

Table A2. South African Exports Excluding Gold to OECD Countries by SITC Classification with Estimates of Lengths of Trade Finance, 1985

	Exports US$ mil	Terms Days
Total non-Gold Exports (1)	9,340	
Total OECD	8,843	
0- Food & live animals	859	30-60
1- Beverages & tobacco	27	30-60
2- Crude materials,inedible	2,080	30-60
3- Mineral fuels,lubricants	1,490	30-60
32- Coal	(1,318)	
4- Animal & vegetable oils	3	30-60
5- Chemicals	561	30-60
6- Manufactured goods	3,341	
65- Textiles, fabrics	(140)	90-180
66- Non-metallic min. goods	(673)	30- 60
67- Iron & steel	(941)	180
68- Non-ferrous metals	(1,413)	30- 60
Other 6-	(174)	30- 60
7- Machinery & transport eq.	152	90-180
8- Misc. manufac'd articles	224	90-180
9- Other	104	180-360

Table A3.Totals of Estimated Trade Credits by Length of Term for South Africa's Foreign Trade, 1985
(mil of $)

Imports

	Total Credits	divided/multiplied by	Total Outst.
30-60 days	5,344	/ 6-12	445- 891
90-180days	2,886	/ 2-4	722-1,433
180 days	166	/ 2	83
180-360 days	1,552	/ 1-2	776-1,552
5-7 years	558(1)	x 3-4	1,674-2,232
Total	10,506		3,700-6,191

Table A3. Continued.

Exports

	Total Credits	divided/multiplied by	Total Outst.
30-60 days	7,777	/ 6-12	648-1,296
90-180 days	516	/ 2-4	129- 258
180 days	914	/ 2	457
180-360 days	104	/ 1-2	52- 102
Total	9,311		1,286-2,115
Imports + Exports	19,817		4,9868,306

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* If the outstanding amount of loans with terms longer than 12 months stays constant over the course of the loans, then the amount of principle repaid during a given year must equal the amount of new loans granted. In a situation where the amount of outstandings remain in a steady state, the amount outstanding A is related to y, the amount of new loans granted, and n, the term of the loans in years by the expression:

$$\frac{A}{y} = n - \sum_{i=1}^{n-1} (i/n)$$

n	A/y
1	1.0
2	1.5
3	2.0
4	2.5
5	3.0
7	4.0

Notes to Appendix 1:

1. **Quarterly Bulletin**, South African Reserve Bank.

2. As can be seen, power generating equipment ranges from heavy capital goods such as steam boilers that were probably purchased by ESKOM to auto engines and other products. It is assumed that all steam boilers in 711- were for ESKOM. The "steam and other vapor power units, not incorporating boilers; steam engines" in 712- are counted as medium-term capital goods. The internal combustion piston engines in 713- are given 90-180 terms since they are auto components, while the small engines in 714- are considered as consumer goods with 90-180 day terms.

The rotating electric plants comes in 76- come in a range of sizes for different purposes in both AC and DC. Twenty percent was arbitrarily allocated to ESKOM as heavy capital goods for power plants, and another 30% was allocated as light capital goods for industry. This leaves 50% as electric motors for consumer uses.

3. All of the machinery in 72-, 73- and 74- was for agricultural and industrial uses. It is not evident how much of these goods were purchased individually and how much came as part of a plant installation. Thus 20% of the total of these three categories is arbitrarily allocated as part of a plant installation necessitating a long-term credit. The remaining 80% is assumed to have been purchased in small units and is assigned terms of 180-360 days.

4. The 75- classification includes office machines as well as automatic data processing equipment. It is impossible to tell how much of the total is made up of costly computer networks that would likely have medium or long-term credits and how much is personal computers which would probably have short-term credits. The 10% long, 10% medium, and 80% short-term credits are arbitrarily assigned.

5. A more in-depth analysis of imports from Japan in the 76- telecommunications and sound equipment was done. It found that transmitters and telegraph and telephone equipment made up about 20% of the total of the imports in this category. This 20% is used as an estimate of the percentage of the total that is capital goods. This amount is divided between medium and long-term credits. The remaining 80% is consumer goods such as stereos and is assigned a term of 90-180 days.

6. A thorough analysis of Japanese trade statistics in **Japan Exports and Imports** (Japan Tariff Association) for this category of goods found that heavy generation and transmission equipment made up about 30% of the Japanese total. Thus 30% of the OECD total is allocated as

capital goods for ESKOM and the remaining 70% is considered to be consumer goods such as household appliances.

7. Of the $868 million total for road vehicles, passenger cars accounted for $133 million, vehicles "for the transport of goods or materials and special purpose" vehicles accounted for $123 million, and auto components were $540 million. Motorcycles and trailers made up the remainer. The high amount of auto parts stems from large automobile industry in South Africa that assembles autos using imported components. We assume that the heavy transport vehicles and some of the components for assembling them would have medium term credits since these vehicles are capital goods. Thus 20% of the total is assigned mediums terms of 180-360 days, and the remaining 80% is assigned 90-180 terms as suggested by the banker.

8. Transport equipment besides automobiles figures prominently in the **International Finance Handbook** as goods that carry long-term trade credits. Specifically mentioned as long-term goods are commercial jet aircraft and railroad locomotives. In the 79- classification, aircraft account for $97 million of the $126 million total. However $77 million of this $97 million is aircraft parts. Railroad equipment worth $17 million and ships worth $12 million make up the remainder.

Allocating $40 million under 5-7 year credits as capital goods allows for most of the railroad equipment and ships and some of the $20 million in aircraft. The remainder, mostly aircraft parts, are assigned credits of 180-360 days.

9. Professional and scientific instruments and photographic equipment are two prominent items in the miscellaneous manufactured articles category. It seems reasonable to assign these products 90-180 day terms.

10. The most notable item included under the 9- classification of items not elsewhere classified is arms. The $96 million here are thus assumed to be weapons, for which a 180-360 day term seems reasonable.

11. Non-OECD imports were arrived at by subtracting the OECD total for exports to South Africa from the South African Reserve Bank's import total. Oil imports, kept secret by the government, makes up the bulk of the total. Oil imports were estimated by multiplying South Africa's estimated oil imports of 88 million barrels a year by a price of $34.50 per barrel in 1985. This price is $6.50 per barrel higher than the OPEC price in that year to allow for the $58 premium that South Africa must pay on oil imports to circumvent the embargo on oil shipments imposed against it (see Lind and Koistinen **Trade Finance and Projections of South Africa's Balance of Payments**). The remaining non-OECD imports were arbitrarily assigned 90-180 terms.

APPENDIX II

INDIVIDUAL EXPOSURES OF JAPANESE AND FRENCH BANKS

JAPANESE BANKS

In the report by Lind and Espaldon on individual exposures of banks to South Africa, **South Africa's Debt at the Time of Crisis**, no attempt was made to estimate the exposures of the individual Japanese banks because of the uncertainty of the total for all Japanese banks. The estimate of total Japanes bank exposure in this report is on much firmer ground, and thus the exposure estimates of the major Japanese banks are hazarded in Table B1.

These estimates are based primarily on the relative participations of these banks in the 1983 $5 billion new money loan to Mexico with some adjustments arising from Brazilian, Argentine and Chilean loans and reschedulings of the same period (**Euromoney International Loan Annual 1984**). This approach of looking at loans to less developed countries was taken because Japan's premier international bank, Bank of Tokyo, is not by any means the largest of the Japanese banks. Thus to scale proportional to total assets seemed unreasonable and Japanese banks do not give any breakdown of their lending by area of the world. These Latin American loans suggested that Bank of Tokyo provided at least 10% to 15% of the funding and thus for South Africa exposure the Bank of Tokyo's exposure was set at 15% of the total.

Note that perhaps $250 million of the exposure is from their London registered banks; however, all the major Japanese banks have U.K. registered banks as subsidiaries. Note also that because of the Japanese government's prohibition on lending to the South African government, much of this exposure is in the form of lines of credit and deposits in South African banks and is in US dollars rather than yen.

Table B1. Estimated Exposure of Japanese Banks in South Africa as of 31 December 1986 in Millions of U.S. dollars.

Bank	Exposure
Bank of Tokyo	$230
Sumitomo Bank	180
Dai Ichi Kangyo	150
Sanwa	140
Mitsubischi Bank	130
Tokai	120
Fuji	120
Other Banks	490
Total	,$1,560

These seven banks represent about 70% of the total Japanese bank lending.

FRENCH BANKS

Of the French banks only Banque Nationale de Paris (BNP) gives risk by geographical area in three different categories: Overall risk, loan risk, and cross-border risk. The other major banks given their risk in one of the above categories. Thus the ratio between the categories for all banks was assumed to be the same as that of BNP. Scaling then could be accomplished for the major banks assuming that they represented about 75% of the total French bank exposure. A figure of 75% is used since U.S. money center banks account for about 75% of U.S. bank exposure in South Africa. The uncertainties of these estimates are fairly high because data for all Africa was used in the scaling and the French banks have large exposures in Francophone Africa which can bias the estimates for individual banks.

Table B2. Estimated Exposure of the French Banks in South Africa in Millions of U.S. dollars at the end of 1986.

Bank	Exposure
Credit Lyonnaise	$370
Banque Nationale de Paris	450
Sotiete Generale	250
Banque Paribas	300
Banque Indosuez	170
Other Banks	530
Total	$2,030

WRITTEN STATEMENT CONCERNING S. 2378

"COMPREHENSIVE ANTI-APARTHEID AMENDMENTS OF 1988"

Hearing Before the Senate Foreign Relations Committee
June 24, 1988

Mr. Raymond F. Johnson
Chairman and Chief Executive Officer
Caltex Petroleum Corporation

Caltex Petroleum Corporation, through its subsidiaries, has operations in 54 countries, including a subsidiary in South Africa which has been there for more than 75 years. Additionally, Caltex has operations in most of the other countries in Southern Africa, including the Frontline States. Accordingly, I am pleased to respond, on behalf of the company, to the Committee's invitation to comment on S. 2378, "The Comprehensive Anti-Apartheid Amendment of 1988".

Given our long history of commercial involvement in the area, we are fully aware of the complex political and commercial inter-relationships that exist and of the importance of a peaceful, democratic solution to the very difficult problems in South Africa.

Caltex rejects apartheid as an inhuman system and wants to see it ended as quickly and as peacefully as possible. In this regard, Caltex and other foreign companies have expressed in word and action our strong opposition to any policy that maintains such a system in South Africa.

Caltex views its continued operations in the area as part of the solution, not as part of the problem. We recognize that South Africans of all races will decide their own future. We also recognize, however, that the efforts of all concerned Americans should be directed towards assisting responsible South Africans in their efforts to peacefully resolve their problems. It is for this reason that Caltex opposes S. 2378.

The evidence is clear that economic pressure on the South African Government will not produce change for the better. The action of that government since the implementation of the Anti-apartheid Act of 1986 indicates that such pressure has been counter-productive, forcing the government and many white South Africans to concentrate on what they perceive as survival against foreign threats rather than eliminating apartheid and establishing an open and just society.

We believe that a more effective and infinitely more beneficial policy would be to recognize and augment the ongoing process of Black empowerment in which the role of the economy is key. As Michael Clough, a Senior Fellow for Africa at the Council on Foreign Relations, recently noted:

> Making support for black empowerment the cornerstone of U.S. policy would involve recognizing that the process, rather than white politics or government policy making, has become the most important factor in the South Africa equation. Similarly, it is the political, social, and economic character of black empowerment, not largely white dominated discussions of possible constitutional formulae, that will ultimately be the most important influence in the shaping of a post-apartheid South Africa.

The growth of the modern economy has been and should continue to be the primary social engine for black empowerment and victories against apartheid. The simple fact is that blacks represent 80 percent of the work force and 40 percent of purchasing power. As the economy grows and becomes more sophisticated, the status and political power of blacks will grow with it. To cite some of the recent changes brought about through this process:

> The repeal of job reservation was a result of industry pressure on the government due to increased demand for skilled labor to conform with the growing requirements of the economy.
>
> The recognition of black trade unions came about as a result of industry needs to have someone to negotiate with over industrial relations issues.
>
> Black acceptance in the urban areas was due to economic forces which required that they be a part of the labor force in so called "white urban areas".
>
> Employer demands for greater labor mobility made effective implementation of the hated Pass Law and Influx Control Law impossible, leading to their repeal two years ago.

The highly respected South African author and emigree, Merle Lipton, makes this point in her recent study for the Economist Intelligence Unit where she notes that while foreign capital increases the resources available to the country, it also contributes to the erosion of apartheid, "...for example, by increasing the demand for skilled labor and larger markets and by creating an urbanized and increasingly well paid and well organized black work force."

It is this process of economic and social change which sanctions would retard or reverse. Although sanctions proponents frequently cite support for their positions from leaders ofcertain religious or political groups, the overwhelming majority of polls conducted in South Africa have shown clear opposition to disinvestment by rank and file blacks. A survey published in June of this year by the highly-respected Investor Responsibility Research Center concludes,

> "As far as can be determined by public opinion polls, the majority of Africans in South Africa do not advocate that U.S. and other foreign companies withdraw from South Africa and do not favor other economic sanctions against South Africa as a tactic to help end apartheid if those measures will also increase black unemployment."

Let me state for the record, that Caltex does not sell or supply crude oil to South Africa, nor has it done so for many years. Forcing Caltex and other American oil companies to leave South Africa will have no long term impact on South Africa's energy situation. The facts are that South Africa is almost totally independent of imported crude oil for its energy requirements. A recent article in "The South African Energy News" confirms that only 16% of South Africa's total energy requirements are derived from imported crude oil. The import of crude oil, such as it is, is under the control of the Government, not of oil companies operating in South Africa. Moreover, public documents indicate that South Africa supplies virtually 100 percent of the petroleum needs of Botswana, Lesotho, Swaziland, Namibia and Malawi, as well as most of Zambia's lubricants. Presumably, any shortfalls in South Africa would come at the expense of these countries.

Regrettably, S. 2378 does not consider the nature or character of the companies it would punitively force to disinvest. I feel strongly that the Committee should consider these factors. The conduct and operation of American companies abroad goes beyond the profit motive. Such companies carry with them the basic principles of American democracy. They are working examples of the success of the free enterprise system. These factors are not lost on black South Africans. Caltex, one of the original 11 signatories of the Sullivan Principles, has an extensive corporate social responsibility program that has dispensed millions of dollars and has involved untold hundreds of employee man-days to assist black South Africans in their struggle. These efforts go far beyond the equitable treatment in the workplace in which U.S.-owned companies were pioneers. For example:

> More than 35,000 pupils, students and teachers have benefited directly from the Caltex Adopt-A-School project and educational support programs.
>
> The Small Business Development Corporation, with the active participation of Caltex, has generated approximately 60,000 job opportunities.

Over 1,250 families have been housed in Caltex sponsored homes and housing estates.

At the university level, Caltex grants scholarships that support more than 250 students annually.

Other major efforts to promote racial integration and political and civil rights; for example, Caltex has financed construction of non-racial dormitories at so-called white universities and has provided legal assistance to groups and individuals challenging the apartheid system.

While Caltex has received the highest ratings given by the Sullivan Signatory Program every year since its inception, the comments of the people affected by its programs are even more rewarding. The people benefiting from these programs are not abstractions to us. They are real, live people dealing with real community problems. Here are just a few of the many statements they have made to Caltex:

Mr. Sam Matlou, Principal, Witkoppen Farm School. "Companies like Caltex are godsent to us. Without them we would not be able to offer such a high standard of education to our children. We would not even be able to feed them."

Sister Christine Jacobs, Principal, Mmakau Adult Centre in the Northern Transvaal. "Through Caltex's untiring support, we have been able to extend our ministry to the local people in a much more meaningful and rewarding manner."

Mr. Peter Motale, owner and chief executive officer, Motale's Bus Service operating 40 buses in the Cape Town area. "Without Caltex's help I would have been bankrupt."

Mr. David Motlatla, Chairman of the Black Management Forum. "The support of companies of the BMF's initiatives means we are able to increase our participation in the business world. We certainly appreciate whatever companies do to assist us to make a meaningful contribution to the economic development of our country."

Professor Louise Tager, Professor of Law at the University of Witwatersrand and head of the Law Review Project. "Without the support of the private sector, the LRP would just not exist. It is only with the continued support of concerned business corporations such as Caltex that the Law Review Project can pursue its objectives in bringing about normality and justice in our society."

Caltex is proud of the accomplishments of its corporate social responsibility programs which assist in developing black empowerment and we intend to continue and to intensify such programs in the future.

Forcing Caltex and other American companies to leave South Africa would deprive blacks in South Africa of this support which is urgently needed to help achieve their goals of economic and political empowerment. As Helen Suzman recently pointed out, the withdrawal of United States corporations inevitably means curtailment or elimination of programs to the detriment of future black leadership and its participation in the post-apartheid era.

Sanctions proponents try to cheapen these contributions by charges that the more than $300 million spent by U.S. companies on efforts is outmatched by their underpinning of the economy which, they say, helps maintain apartheid. By this logic black-owned businesses should also close shop. If numbers games were important, we would point to the additional contributions by way of salaries, supply and service contracts, and other multiplier effects of our investments with blacks and the black community. The point is, though, that it is precisely the modern economy which is the primary social engine for black empowerment and victories against apartheid.

This is the reason that many black and liberal white anti-apartheid leaders such as Mrs. Suzman, Alan Paton, Gabby Magamola, Chief Minister Buthelezi and Fredrick Van Zyl Slabbert, whose commitment to ending apartheid must be judged at least as strong as that of sanctions advocates, have publicly stated that, more involvement of Americans and American companies is important to the success of their effort, not less. In other words, committed investment in South Africa _is_ the moral high ground. The former presiding bishop of the U.S. Episcopal Church, the Right Reverend John M. Allin, has said "We cannot abandon our fellow human beings by walking away from them or condemning them to international isolation. The best and most effective engagement in South Africa is unofficial and personal, reflected in constant contact, in commerce, in intellectual and cultural exchange."

In conclusion, I believe that S. 2378 will not achieve the benefits intended. I sincerely believe that the bill would be counter-productive to the goals of both the U.S. Congress and Caltex, that is, the rapid peaceful elimination of apartheid and the establishment of a free, democratic society in a viable economy. Instead of more punitive laws against all South Africans, I would urge the Congress to enact positive legislation which would seek to continue and enhance the process of black economic and democratic empowerment. Some have said that "constructive engagement" has not succeeded. Whatever the judgement, we must be very careful not to replace it with "destructive disengagement".

1727R

STATEMENT ON PROPOSED ADDITIONAL U.S. ECONOMIC SANCTIONS AGANIST SOUTH AFRICA

SUBMITTED TO THE

SENATE FOREIGN RELATIONS COMMITTEE

JUNE 24, 1988

CHAMBER OF COMMERCE OF THE UNITED STATES
NATIONAL ASSOCIATION OF MANUFACTURERS
NATIONAL FOREIGN TRADE COUNCIL
UNITED STATES COUNCIL FOR INTERNATIONAL BUSINESS

EXECUTIVE SUMMARY

For many years, American companies doing business in South Africa have been in the forefront of efforts to end apartheid and bring social, economic, and political justice to the non-white majority in the that country. In addition to ensuring equality and advancement for non-white workers employed by American companies, these businesses have also devoted hundreds of millions of dollars in ongoing programs to improve black education, housing and health care within the society as a whole. Moreover, American companies have established, and actively participated in, various efforts to promote social justice, assist in the growth of non-white businesses and trade unions, and generally worked to eliminate the apartheid system within South Africa.

The Chamber of Commerce of the United States, the National Association of Manufacturers, the National Foreign Trade Council, and United States Council for International Business and the American business community in South Africa believe that the most direct and effective method of ending apartheid is through efforts such as these ~~which bring~~ economic and ultimately political power to non-whites in that country. There is a growing realization that strategies to achieve black empowerment have the greatest chance to end apartheid and create a just society in South Africa. As noted above, American business has been a leading proponent and participant in various black empowerment strategies.

In 1986, Congress enacted the Comprehensive Anti-Apartheid Act which sought to apply pressure on the South African Government to end apartheid by imposing a series of economic sanctions on that country. Legislation pending in this Congress would extend that policy to prohibit any American business presence in South Africa. The experience with the sanctions approach to ending apartheid demonstrates that this policy is seriously flawed and that it has a number of unintended but very real consequences which are actually counterproductive to its stated goal of ending aparthied. Sanctions have had little adverse effect upon the South African economy as a whole but unfortunately have had a disproportionate negative impact on the country's black population. This policy has not driven the South African Government to end apartheid but may in fact have contributed to the government's becoming even more resistent to change. Obviously total disinvestment as called for by the pending legislation would simply exacerbate the problems inherent in the sanctions policy. The American sponsored programs beneficial to black workers would be eliminated and South African or other foreign corporations which would take the place of American companies in that country's economy would simply not engage in the wide range of enlightened social policies undertaken by U.S. corporations.

It is essential that the policy of the U.S. government toward South Africa be one which actually contributes to the elimination of apartheid. That policy should help empower blacks in South Africa and not further impoverish them.

INTRODUCTION

A coalition of associations (the National Foreign Trade Council, the National Association of Manufacturers, the U.S. Chamber of Commerce, and the U.S. Council for International Business) and various companies which are signatories of the Statement of Principles (formerly the Sullivan Principles) is opposing additional sanctions legislation pending in this Congress. These companies and associations believe U.S. business in South Africa contributes positively to undermining apartheid by opposing that system and taking action to increase the economic clout of nonwhite Africans.

> These companies and associations oppose additional sanctions because they will not hasten the end of the apartheid system and will be harmful to the interest of black South Africans.

The Statement of Principles companies have operated in South Africa for many years and actively worked to eliminate apartheid. They have consistently led efforts to end apartheid and continue to be in the forefront of enlightened corporate behavior in South Africa.

The Signatory companies operate under and promote the following principles:

1. Eliminating laws and customs that impede social and political justice.
2. Increasing the number of blacks, coloureds and Asians in management and supervisory positions.
3. Initiating and developing training programs that prepare blacks, coloureds, and Asians in substantial numbers for supervisory, administrative, clerical, and technical jobs.
4. Improving the quality of employees' lives outside the work environment by devoting corporate resources to improve housing, transportation, schooling, recreations, and health facilities.
5. Providing equal and fair employment practices for all employees.
6. Assuring that the pay system is applied to all employees without regard to race or ethnic origin.
7. Desegregating all eating, comfort, locker room and work facilities.

They have supported the development of the trade union movement and have devoted corporate resources to development of black businesses. The companies have repeatedly met with various members of the South African government to urge them in the strongest terms to make changes in racially restrictive legislation.

The Statement of Principles companies believe:

- Past attempts to pressure the South African government for change by imposing economic sanctions affecting trade or investments have not helped to eliminate apartheid, have made the South African government less tolerant to reform, and have hurt blacks economically.
- Current legislative proposals forcing American companies to totally withdraw from South Africa would not aid in the struggle against apartheid but would eliminate the significant programs of American companies to improve the economic, political, and social life of nonwhite citizens.
- Pending legislation would result in increased unemployment among blacks and increased wealth for white South Africans taking over the capital assets of the former American companies.
- The ultimate elimination of apartheid requires the empowerment of blacks economically rather than further impoverishment through disinvestment and other economic sanctions.

The members of the coalition believe there is little understanding of the active and responsible role which American companies have played in undermining apartheid in South Africa and the disastrous immediate economic consequences as well as long-term political consequences to black South Africans of total disinvestment.

There is growing evidence that the sanctions approach toward ending apartheid is largely counterproductive and that black empowerment is the most potent weapon against the apartheid system. Unlike sanctions, black empowerment embodies clear and achievable goals which work to the direct advantage of black South Africans and to the ultimate erosion of apartheid. Apartheid simply cannot coexist with black empowerment. Clearly, therefore, the policy of the U.S. government should be to assist black empowerment. In a paper on the U.S. government's policy in South Africa, Michael Clough, Senior Fellow for Africa at the Council on Foreign Relations, recently noted the following:

> "The expansion of black power has been underway in South Africa for several decades. Economic forces are only one factor in this process. Making support for black empowerment the cornerstone of U.S. policy would involve recognizing that this process, rather than white politics or government policy making, has become the most important factor in the South African equation. It is, for example, the nature and pace of black empowerment, not white predispositions or political maneuvering, that is the most critical determinant of the prospects for genuine negotiations. Until there is a decisive shift in the balance of power in South Africa, there is little prospect that whites will agree to negotiate; once a shift begins, negotations will become inevitable. Similarly, it is the political, social, and economic character of black empowerment, not largely white dominated discussions of possible constitutional formula, that will ultimately be the most important influence in the shaping of post apartheid South Africa." (Beyond Sanctions: Reorienting U.S. Policy on South Africa, Michael Clough, Council on Foreign Relations, New York, NY 1988)

This paper, therefore, reviews in detail activities of American companies to bring political and economic power to black South Africans, discusses the negative effects of the 1986 sanctions, and points out the certain harmful impact of total disinvestment as required by S. 2378 (H.R. 1580).

ACTIVITIES OF AMERICAN COMPANIES IN SOUTH AFRICA

American companies operating in South Africa have for years been in the forefront of the struggle to end apartheid and improve the economic and political lives of nonwhite South Africans. Even supporters of total disinvestment acknowledge the positive role played by American companies. American companies not only have made efforts to insure equality and advancement for nonwhite South Africans within the workplace, but have also instituted significant programs to improve conditions within the society as a whole.

1. Workplace

* Nonwhite employees are significantly better paid by U.S. companies operating in South Africa than by most non-U.S. firms. U.S. companies have a minimum wage standard that is a 30 percent premium above the living level for a family of five. In many instances, U.S. firms require their non-U.S. suppliers to conform to similar higher minimum wage standards for their workers.

In addition, U.S. companies:

* spend more than $3 million annually to train nonwhite employees at "industry training centers";

* trained more than 1,700 nonwhites in South Africa for supervisory/managerial jobs in 1985. Another 900 were trained for professional and sales jobs, 3,500 for skilled/clerical/administrative jobs, and 4,300 for entry-level unskilled/semiskilled jobs;

* provided more than 1,000 scholarships for advanced training for their nonwhite employees each year;

* increased the number of their nonwhite supervisors and managers from one of every six in 1979 to 24.3 in 1985.

* have been in the forefront of efforts which have enabled South African workers to organize trade unions;

* have opposed South African government efforts to outlaw secondary boycotts, although vigorously opposing secondary boycotts in the U.S. because of the lack of recourse in South Africa to other forms of political participation.

2. Education

During the 1979-1986 period, U.S. companies in South Africa spent approximately $64 million to support nonwhite education and training in South Africa.

U.S. companies in South Africa have:

* "adopted" 424 nonwhite schools in South Africa, providing financial help, upgrading teaching, and helping to raise its standards. In 1986, the companies contributed $1.5 million to these schools.

* been the largest contributor to READ, the major literacy program in South Africa.

* actively supported efforts to develop farm skills which are crucial to South Africa's ability to feed itself.

3. Housing

* U.S. companies individually and collectively, vigorously petitioned the South African government to permit outright ownership of property by nonwhites outside the homelands.

* Prior to the change in property ownership law, U.S. companies had played an important role in assisting black families to take advantage of the 99-year lease opportunity to acquire housing accommodations.

* U.S. companies provide subsidized housing loans, loan guarantees, outright grants, and counseling to assist their employees in securing adequate housing. As a result, 40 percent of the nonwhite employees of U.S. companies own their homes.

* U.S. companies have provided $6.2 million to develop decent housing for non-employee families.

4. Health Care

* U.S. companies have donated more than $8.5 million for the improvement of nonwhite health care facilities. The bulk of this has been devoted to Adopt-a-Clinic programs, financing, equipping, and supporting clinics in nonwhite neighborhoods.

5. Black Business Assistance

U.S. companies in South Africa helped 3,830 nonwhite business enterprises get started and grow in 1985 and about the same number in 1986. They provided consulting assistance to nonwhite business firms amounting to $14 million in the five years ending with 1986. In 1986, they spent over 17,000 employee days assisting nonwhite entrepreneurs.

* In 1986, U.S. companies bought $11 million in products and services from nonwhite enterprises, a 38 percent increase over 1985. This figure rose to $13.5 million by June of 1987.

* Additional U.S. company assistance to new nonwhite enterprises is funnelled through the Small Business Development Corporation, to which the companies contributed $1 million in 1985.

6. Social Justice

The U.S. companies have set up Legal Aid Clinics to aid residents at no charge on matters ranging from pass law violations to major criminal prosecutions.

* In Pretoria, the U.S. companies have taken legal action to force the Department of Education of Transvaal to accept nonwhite students in any college in its jurisdiction.

* At meetings with Members of Parliament, including the ruling National Party, company representatives have stressed the necessity of ending the Group Areas Act.

* American companies have expended millions of dollars and thousands of man days in efforts directly intended to develop the public, political, and economic pressure necessary to loosen the shackles of apartheid. These efforts involved direct communications between CEOs and Cabinet Ministers as well as providing organizational resources for labor and local leaders.

The record of American companies in South Africa clearly demonstrates they are a force for change. Within the workplace and in the society as a whole, American business is in the forefront of bringing economic and political pressures to bear in efforts to end apartheid and empower nonwhite South Africans.

IMPACT OF SANCTIONS IN SOUTH AFRICA

In October 1986, Congress passed the Comprehensive Anti-Apartheid Act (CAAA or Act). The intent of Congress was to apply pressure on the South African Government to end apartheid. To date, for several reasons, the Act has been unsuccessful and has had a number of unintended and undesirable results. First, the sanctions have had little adverse effect on the overall economy of South Africa. Second, the sanctions have caused the South African government to become more firmly entrenched in resisting need change. Third, and most unfortunantely, the sanctions have adversely affected black South Africans, the very people the Act was intended to assist. Fourth, the sanctions have limited United States' access to South African minerals strategic to the U.S. economy and national defense, while increasing U.S. dependence on the only other major supplier of these minerals, the Soviet Union. Lastly, the U.S. uranium conversion and coal industries have been hurt by the sanctions.

Set out below is a more detailed discussion of these developments.

1. Effects of Sanctions on the South African Economy

Available statistics and other economic indicators clearly suggest that the sanctions imposed by the U.S. government have had little effect on the South African economy as a whole. In fact, the South African economy registered a growth rate of approximately 2.6 percent in 1987, up 0.5 percent from 1986.

The statistics with respect to South African exports are also illustrative of this point. Exports from South Africa have increased every year from 1984 through 1987. South Africa exported $21.6 billion worth of goods in 1987 compared with $16.9 billion in 1984. This increase was achieved despite a decrease in exports to the United States from $2.6 billion to $1.4 billion during this same time period.

Other export figures further explain the sanctions' lack of economic impact. For instance, sixty percent of South Africa's export earnings are derived from gold bullion and strategic metals not covered by the CAAA. The political uncertainty caused by the sanctions has facilitated a worldwide rise in gold prices from $280 per ounce in 1985 to $463 per ounce in October 1987, thus contributing significantly to these earnings. Also significant is the fact that the CAAA's ban on exports of agricultural products, uranium, coal, iron, steel, and textiles comprised only 17 percent of the total South African exports of these commodities and only 4.5 percent of the total exports of all South African goods.

Likewise, the sanctions have failed to have a signficant impact on South African imports. Like its exports, South Africa has had a steady rise in its imports from 21.7 billion rand in 1984 to 28.7 billion rand in 1987. South Africa's well-developed infrastructure and industrial base have made it particularly invulnerable to economic sanctions. The country's foreign dependence on vital resources is minimal. For example, it maintains substantial food supplies so that it is able to export such products and its dependence on imported oil is considered small by international standards. Additionally, since the imposition of sanctions, South Africa has increased its development of nuclear energy and stockpiled its oil surpluses. Despite sanctions, South Africa was able to raise its Gross Domestic Product by 2.6 percent in 1987 and a higher growth rate is expected in 1988.

One method by which South Africans have been able to avoid the impact of the sanctions is by increasing trade with other nations and diverting their goods to third countries not restricted by the sanctions. For example, South African trading with Taiwan has increased from $135 million in 1985 to $911 million in 1987. Similarly, South African trading with the Japanese amounted to $4.27 billion in 1987, 62 percent higher than that with the United States.

South Africans have also developed a number of other methods by which to circumvent the CAAA including, for example, the formation of offshore trading companies, the rerouting of air service, and the reregistration by South African fishermen of their ships to the Cayman Islands thereby enabling them to ship South African lobster tails to the United States as Cayman products.

In addition, the results of the policy of those U.S. corporations which have already divested their holdings in South Africa demonstrate that disinvestment has actually created windfall business opportunities for white South Africans. So far, many American corporations divesting their South African holdings have sold their interests to local, white-controlled firms, often at firesale prices, creating new white South African millionaires in the process and providing few new ownership opportunities for black workers. Thus, concentration through disinvestment of more of South Africa's wealth in local white hands has, at least in the short term, marginally enlarged the economic gap between black and white South Africans. Certainly, it should be a basic thrust of United States policy in South Africa to encourage greater black economic power rather than increase the wealth of white South Africans who support apartheid.

2. Effect of Sanctions on South African Blacks

Unlike the South African economy as a whole which has not been significantly affected by the sanctions, South African blacks have had to bear the financial, political, and social brunt of many of the economic measures imposed by the United States. The damage to the South African economy has been fairly limited to specific sectors of the economy but within those sectors the damage has been felt mainly by black workers.

Blacks have borne a significant burden with respect to the levels of unemployment. Joblessness, estimated at 3 million, has been increased by up to 300,000 annually over the past 3 years. In addition, according to one survey reported by the Washington Post on October 22, 1987, 5,800 black workers have lost their jobs as a direct result of U.S. corporations terminating their operations or selling their South African holdings. The most hard hit as a result of the sanctions have been the labor-intensive sectors, such as agriculture and coal.

The deciduous fruit industry claims it has had to layoff 12,000 seasonal workers. The coal industry has laid off 8,000 workers over the past 18 months and industry officials predict the loss of another 2,000 jobs this year. Ninety percent of these workers are black. The iron and steel industry has announced approximately 1,300 layoffs.

Perhaps the most significant concern with respect to disinvestment is that its implementation will negate the advancements achieved by blacks through the implementation of the Statement of Principles and other on going community development efforts of American companies discussed earlier. Those South African or other foreign corporations which replace the American businesses in most cases do not carry on the workplace and community social justice programs established by American companies. If total disinvestment is mandated those efforts will obviously end. The Investory Responsibility Research Center concluded that company contributions to community development projects and social change organizations will drop to half their former level if American firms are forced to leave.

Moreover, another unintended and undersirable result of the sanctions has been the negative restructuring of the political environment to the detriment of peaceful opposition groups and black South Africans generally. For example, President P.W. Botha, running on a platform deploring American interference in the internal affairs of South Africa, was swept to a substantial victory in the country's most recent elections. In addition, the sanctions have frightened the white voters of South Africa. Such fear was seen in the elevation of the Conservative Party to opposition status thereby replacing the anti-aparthied Progressive Liberal Party. Also, the current political climate has created an increased "laager mentality" (the Boer equivalent of a bunker) within the South African government and fostered defiance and resistance to needed change. This was evident when shortly after the enactment of the CAAA, the South African government cracked down on the United Democratic Front, the country's major opposition group, accelerated its policy of forced removal of blacks, and started an aggressive campaign against neighboring Mozambique. Such pro-apartheid measures have coincided with an increasing decline in U.S. influence in the country.

3. Effect of Sanctions on the United States Economy

The economic sanctions imposed on South Africa through the CAAA have a significant effect on limiting the United States' ability to obtain minerals strategic to the U.S. economy and the national defense and has increased U.S. dependence on the Soviet Union for such minerals. In addition, the U.S. uranium conversion and coal industries have been hurt by sanctions.

With respect to strategic minerals, the United States has historically relied on South Africa for a large percentage of such resources. In 1986, South Africa supplied the U.S. with 56 percent of its chromite consumption, 26 percent of its maganese, 41 percent of its platinum group metals, and 52 percent of its cobalt. These minerals are vital to the U.S. economy and the national defense. The availability of such resources in the United States is insignificant and the only other major source worldwide is the Soviet Union. The U.S. Bureau of Mines has estimated that the direct economic costs to the United States resulting from an embargo on South African strategic minerals would be $1.85 billion a year.

The CAAA has curtailed the flow of these strategic minerals from South Africa into the United States and has caused the United States to become dependent on the Soviet Union to replace such imports. Not coincidentally, as a result of the sanctions, U.S. imports of chrome from the Soviets surged to 6,440 gross tons per month based upon a six month average ending March 31, 1988. This figure is compared to only 479 gross tons per month from 1981-1985. (Chrome is essential for the production of stainless steel and super alloys.) Moreover, upon passage of the CAAA, the Soviets began development of a new chrome mine with an annual capacity of two million tons and expanded their production of antimony. Like chrome, imports of antimony from the Soviets, essential for the manufacture of bullets, computers and radar, has also increased during this same period.

Aside from an increased dependence on the Soviet Union for strategic minerals, the U.S. coal and uranium conversion industries have also been adversely affected by the economic sanctions. Due to a fear that the sanctions would hurt their $45 million a year exporting industry, South African coal producers slashed their prices in hopes of attracting new foreign markets while maintaining old ones. Coal consumers responded by either buying the cheaper coal or by putting pressure on other producers to lower their prices. The United States, due to its stringent environmental regulations and relatively high wages, was hardest hit, suffering a loss of about $250 million over the past three years. During this same period, the coal industry witnessed a drop in steam coal prices from $48.21 a ton to $41.99 a ton.

Likewise, the CAAA has injured the United States uranium conversion industry. Section 309 of the Act, while prohibiting the importation of uranium ore and oxide, provides a loophole for uranium hexaflouride gas. As a result, foreign utilities have been purchasing the uranium from South Africa, where it undergoes the conversion process before utlimately being shipped to the United States. According to the U.S. Department of Energy, the banning of uranium ore, without explicitly providing the same for uranium hexaflouride, hurt the U.S. uranium conversion industry without reducing the amount of South African uranium entering the U.S. States.

CONCLUSION

American companies in South Africa have played an important role in efforts to eliminate apartheid and empower nonwhite South Africans economically and politically. They have carried on these efforts both in the workplace and in society as a whole. American business is a positive force for change within South Africa.

There can be no doubt that there is a broad consensus within the United States for vigorous efforts by both our public and private sectors to work toward the complete elimination of apartheid within South Africa. The Statement of Principles companies have long supported this view and intend to continue maximum efforts to accomplish this goal. While there may be differences of opinion on the best methods of reaching this end, there is no disagreement as to the goal itself.

The American companies contend that the experience with the Comprehensive Anti-Aparthied Act indicates that the use of sanctions and disinvestment does not contribute to ending apartheid, but may in fact have unintentional but very real effects which work to the detriment of nonwhite South Africans. The policy of the American government must be one which goes beyond symbolic gestures and in fact actually contributes to the goal of ending the aparthied system. The most direct and concrete path to that end is by the empowerment of the nonwhite majority in South Africa. To the extent that United States' government policies assist in that effort they should be vigorously pursued; to the extent that those policies hinder that process they should be abandoned.

Our organizations jointly request that this statement be added to the record of hearings held on this subject on June 24, 1988.

Chamber of Commerce of the United States
National Association of Manufacturers
National Foreign Trade Council
United States Council for International Business

RICHARD
LICHT
DEMOCRAT FOR U.S. SENATE

Statement of Lieutenant Governor Richard A. Licht On U.S. Relations With South Africa

Apartheid is an affront to every civilized nation. It is state terror against millions of black South Africans. It is contrary to the most fundamental values on which our country was built. For forty years the United States tried to talk South Africa out of apartheid. Last year Congress passed modest sanctions over the President's veto. Now it's time to get tough.

An estimated 30,000 people have been jailed without charge over the past two years -- including thousands of children. Seventeen anti-apartheid organizations have been banned. Anti-apartheid news organizations have been shut down. Earlier this month Pretoria renewed the two-year old state of emergency for another 12 months.

Yet today the United States remains one of South Africa's four top trading partners and, despite restrictions enacted in 1986, US lending to South Africa exceeded $3 billion for the first half of 1987.

Under President Reagan the country has abdicated any claim to moral leadership on this issue. The President has fought sanctions every step of the way. Within months of taking office the Administration eased President's Carter's embargo on the sale of certain items to the South African military. In 1986 the President vetoed legislation providing modest sanctions against South Africa. Since it was passed over his veto he has ignored parts of it. Last year the U.S. vetoed a UN resolution that would have imposed international sanctions against South Africa.

The Comprehensive Anti-Apartheid Act of 1986, which I fully support, would prohibit almost all exports to and imports from South Africa and forbid American assistance to South Africa's nuclear program. It would require Americans to divest themselves of all investments in South Africa, ban all new loans to that country and halt all cooperation and contact between the US and South African military and intelligence services. It also directs the President to "confer with other industrialized democracies in order to reach cooperative agreements to impose sanctions against South Africa to bring about the complete dismantling of apartheid." The bill would take effect six months after enactment.

P. O. Box 547 • Providence, Rhode Island 02901 • (401) 724-1988

Paid for by Licht '88 Committee

July 25, 1988

The Honorable Terry Sanford
United States Senate
Washington, D. C. 20510

Dear Senator Sanford:

I have received your questions from the June 24, 1988, Foreign Relations Committee Hearing. The following are my answers.

QUESTIONS SUBMITTED BY SENATOR TERRY SANFORD TO HENRY J. BINGHAM, EXECUTIVE VICE PRESIDENT, INTERNATIONAL INVESTORS, INC.

1. I'm supportive of the Anti-Apartheid efforts, but I'm a little puzzled about the divestment provisions. How many Americans would be forced by this bill to sell their stocks to foreigners?

A. There are no precise figures available. However, a good estimate is approximately 500,000 shareholder accounts, including relatively small pension plans, with gold mining mutual funds which own or have the right to own South African gold mining shares. Many more Americans own shares in specific South African mining companies.

2. Would such divestment by Americans have a punitive effect on South Africa?

A. No. Stocks sold by American investors during the proposed period of disinvestment would be purchased by foreigners, including South African investors. These foreign interests would be enriched, since they would purchase during a period of artificially low prices caused by forced American divestment, and would subsequently see the value of their new stock return upward to its normal level. The Americans, meanwhile, would only see their losses. This process would, in effect, be a transfer of wealth from Americans to foreigners, including South Africans.

3. What is the value of the American-owned stock affected?

A. A recent study showed there are approximately $3.6 billion of South African American Depository Receipts (ADR's) - mostly gold mining stocks - outstanding at current market prices. At last year's highs, they were valued at $10.9 billion. In addition, both individuals and mutual funds own underlying ordinary shares. At current market levels, American individuals and investment institutions own more than $5 billion of South African equity securities.

At International Investors, Incorporated, the largest gold mining fund in the United States, the value of the average shareholder account is approximately $6,800, at current market prices.

4. Right now, when an American buys or holds South African stock, is there any violation of a U.S. law or regulation? Is it correct that all shares of stock presently owned by Americans are purchased from the secondary market and do not generate new capital for South African firms?

A. No, there is no violation. Trading in South African securities by Americans occurs only in the secondary market and generates no new capital for South African firms. An irony of the proposed legislation is that presently, capital does flow from South Africa to the United States, in the form of dividends paid to American stockholders. Divestment would cause that flow of capital to stop, thereby improving South Africa's balance of payments position with respect to the United States.

5. If Americans holding such shares liquidate their holdings, it is possible that South Africans would purchase the stock at bargain prices, in effect helping South Africa. How do we respond to that?

A. During a period of forced American divestment, prices of South African stock would be depressed - as much as 50% - because the world market would recognize that a significant share of stockholders (14%) would have to sell, no matter what the price. The added incentive of being able to purchase their own companies' stocks at a bargain would likely cause many South African investors to be especially active in the market. I believe the only logical response to this is for Congress not to pass a bill forcing stock divestment by Americans.

Many thanks for your interest, and if I can provide any added information, please let me know.

Sincerely,

Henry J. Bingham
Executive Vice President

Van Eck Financial Services

INTERNATIONAL INVESTORS INCORPORATED
WORLD TRENDS FUND
WORLD INCOME FUND
GOLD/RESOURCES FUND
U.S. GOVERNMENT MONEY FUND

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June 28, 1988

The Honorable Paul Simon
Committee on Foreign Relations
United States Senate
Washington, D.C. 20510

Dear Senator Simon:

During the June 24, 1988, hearing on the proposed Anti-Apartheid Amendments of 1988, S. 2378, you posed to me the question how the Committee, in developing its sanctions legislation, could do so without harming the American investors who hold stock in South African companies. At issue are provisions of the bill which would require that American holders of securities in South African firms sell their shares within 180 days of enactment.

During the June 24th hearing you stated that you did not want to hurt those American investors. I appreciate your genuine concern for both the goal of the legislation -- to force the breakdown of the repugnant system of Apartheid -- and the protection of the interests of U.S. citizens.

I believe we can agree on some basics: If Americans are forced to sell their securities, the prices will decline, perhaps by as much as 50% from present value.

Under stock divestiture, the losses to holders of securities would be the following:

-- loss from the market value at the time the bill was introduced to the divestment-induced level;
-- loss of future dividends;
-- the loss of future gains from the securities;
-- losses as a result of having to sell at a time not of their choosing;
-- loss of the freedom to choose investments.

Now, given the losses to individual Americans, and to federal revenues, as discussed in my testimony, if Congress determines to proceed with stock divestiture, how can reparations be made to the Americans who would be penalized? One answer would be to compensate individuals at the market value of their stocks at the time the bill was introduced. I estimate that this would cost the Federal Treasury approximately $2.5 billion.

More to the point, the freedom of Americans to choose which investments to buy and sell is an important one -- there are no substitute investments which would provide portfolios the same risk/benefit mixtures.

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Finally, because of varying individual tax situations some might find it advantageous to claim gains or losses (with or without reparations). Others would be hurt by having to take losses (or gains) at a time not of their choosing. These investors would be hurt, and justice might require some sort of recompense. I cannot imagine the mathematical exercise one would have to develop to calculate the cost to each individual or the means of rectifying the inequity.

However, having considered your original question carefully, I believe a much more straight forward answer lies in precisely what "sanction" means. In the context of the issue before the Foreign Relations Committee, a sanction is an economic coercive measure to force the government of South Africa to change its repressive internal policies. To be meaningful, a sanction must impose a real cost or a lost potential gain. In those terms, forcing American investors to sell their shares in South African companies is not a sanction. The only parties hurt by such a measure would be the Americans.

The South Africans would suffer no loss -- on the contrary, during the period of depressed prices resulting from forced U.S. sales, South African companies would be able to buy back American-held shares of their companies at bargain prices. Then, when stock prices returned to normal, those companies would realize a significant transfer of wealth from the United States to South Africa. Further, the current flow of capital from South Africa to the United States in the form of dividends for American shareholders would cease, thereby improving South Africa's balance of payments position. Additionally, since the stocks in question are traded in the secondary market, their sale and purchase involves no flow of new capital to South Africa. Meanwhile, stock divestiture would force many American investors to sell their property at a loss, at an inappropriate time, in turn creating a substantial loss in U.S. tax revenues.

As a "sanction", the loss of freedom of American investors to buy and sell South African stocks would not be a signal of American disapproval of Apartheid, it would instead be an American gift to South Africa. Is it logical or moral to hurt Americans when there is no detriment to South Africa or apartheid? I believe it is not. Speaking on behalf of the more than 500,000 Americans who would be penalized by S. 2378's present language, I urge you to amend it to remove the ownership and buying and selling of stock from the scope of the bill.

Thank you for your consideration. If I can provide further information, I will be pleased to do so.

Sincerely,

Henry J. Bingham

Henry J. Bingham
Executive Vice-President

CAPITAL LOSS TO U.S. SHAREHOLDERS
OF GOLD MINING STOCKS
RESULTING FROM OWNERSHIP RESTRICTIONS

July, 1988

Prepared by
Gerald Godshaw

The WEFA Group
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I. EXECUTIVE SUMMARY

Current proposals before the Congress contain restrictions on the ability of U.S. citizens to own certain financial investments. These restrictions, if enacted, would force current holders of investments in South Africa to sell within six months. Such a forced sale would tend to force the price of such investments lower, implying a capital loss to current owners. These capital losses effect U.S. citizens who may not be the intended target of the legislation. At the same time the beneficiaries might be South African investors who are able to purchase gold shares at reduced prices.

U.S. investment in South African securities is concentrated in mining stocks. As of December 31,1987, U.S. citizens held approximately 14 percent of all South African mining shares outstanding, having a value of over $4.5 billion. The largest portion of U.S. holdings was in gold mine shares, which were valued at over $3.2 billion at the end of 1987. U.S. investors have tended to be long term investors in these shares and invest in marginal companies.

The analysis suggests that U.S. holders of South African gold shares are likely to suffer a one time loss of over $1.2 billion if U.S. citizens and institutions were required to divest themselves of South African gold mine shares. This reflects over one-third of the value of U.S. owned shares at the end of 1987. The loss arises from a sharp drop in the price of South African gold shares attributable to the requirement that the entire inventory of U.S. shareholdings be liquidated within six months. Although the cumulative loss is similar under a variety of sell-off patterns, the loss by month varies in accordance with the pattern of assumed individual selling behavior. Individuals are assumed to have begun selling their shares of gold mine stocks in April, 1988, just after the introduction of congressional legislation.

The legislation is therefore likely to cause a significant capital loss for owners of goldmining shares. The loss stems from the sale flooding the market and reducing the price the owners can fetch in the market place. The analysis does not consider other capital losses likely to accrue to U.S. persons who own investments in South Africa. These other investments include ownership in diamond and platinum mines, direct investment by U.S. corporations, and other holdings of South African investments.

The analysis also does not separately consider the additional losses which could arise from the limited and restricted nature of the South African Rand market. South African shares are bought and sold in a Financial Rand market rather than as part of a normal commercial market. If share sales of $4.5 billion flood the market over a six month period, the effect on the Financial Rand exchange rate, while not specifically calculated, may imply a larger capital loss than indicated above. Moreover, the concentration of U.S. holdings in more marginal companies (30-50 percent of total shares outstanding of some companies are held in the U.S.) can lead to a more drastic fall in share prices and increase the capital losses suffered by U.S. shareholders.

II. INTRODUCTION

The purpose of this study is to estimate the implications for U.S. owners of South African gold mining shares of legislation which would require divestiture. The analysis centers on the impact on South African gold share prices and the expected changes in the capital value of gold shares to U.S. owners if the divestiture were imposed. Thus, the study focuses solely on the financial implications for U.S. persons of divestiture and not on any other aspects of legislation or the implication for non-U.S. persons.

The analysis is based on provisions contained in The Anti-Apartheid Act Amendments of 1988, Report of the Committee on Foreign Affairs of the U.S. House of Representatives (May 20, 1988). That report and accompanying bill, H.R. 1580, prohibits a U.S. person from purchasing, acquiring, owning, or holding any investment in South Africa. The bill becomes fully effective 6 months after enactment, implying a 6 month grace period to permit current owners of South African instruments to sell those instruments.

The analysis presented here assesses only a portion of the proposed legislation. Our analysis focuses on U.S. holdings of South African gold shares. Although gold shares are the most widely held South African investment, U.S. persons also hold a large quantity of other investments, especially shares of South African platinum and diamond mining companies. Thus, our estimates of any capital loss experience~~s~~d by U.S. shareholders attributable to the legislation understates the likely overall effect of the ban on investment. We also did not attempt to measure the impact of the non-investment portion of the legislation, as that was beyond the scope of this analysis. Further, neither the economy-wide impacts on the South African or U.S. economies nor the impacts on non-U.S. persons were estimated.

The capital losses experienced by U.S. shareholders of South African gold mine stocks were estimated using data available from a number of studies of the South African mining industry as well as statistical estimation techniques. Data on gold share price indices and exchange rates were provided by International Investors Inc. The U.S. holding of South African shares has been estimated by the South African brokerage house of Davis, Borkum, Hare. The statistical relationship estimated conforms to general economic theory, by relating the relative price of South African gold shares to gold prices, and the return on alternative investments.

III. U.S. GOLD SHARE HOLDINGS

The losses attributable to the proposed legislation are likely to be much more widespread than this analysis would suggest. The analysis here is limited only to U.S. holdings of South African gold mining shares and does not include U.S. holdings of other investments such as platinum or diamond mining shares, direct investments of U.S. corporations in South Africa, bonds issued by South African interests, and participation by U.S. persons in other South African investments. Indeed, if the capital losses accruing to Americans of divestiture in all these assets were added together, the likely estimate would be much greater than that estimated here. We limited this analysis to gold mining shares due to the availability of extensive data concerning the market for South African gold mining shares.

Outside influences participate extensively in the market for South African mining shares. Over 23 percent of all outstanding South African mining shares were held by non-South African interests at the end of 1987. (See Table 1) These holdings were valued at over $8 billion at the end of 1987. Over 25 percent of all South African gold mine shares were held by non-South Africans (14.2 percent by U.S. persons). Foreign control is largest in De Beers diamond mines where over one-third of all shares are held by non-South Africans (over 16 percent by U.S. persons). Compared to gold share holdings, foreigners own a smaller portion of the mining house or platinum mine stocks (16.2 and 13.6 percent respectively); although, U.S. interest own over 12 percent of all platinum stocks.

The value of foreign mine share holdings as of December 31, 1987 was over $8 billion with U.S. persons holding over $4.5 billion. Of the $4.5 billion held by U.S. persons, $3.2 billion was held in gold mine shares (over 70 percent). The remaining $1.3 billion was held in De Beers stocks ($561 million), mining house stocks ($465 million) and platinum mine stocks ($333 million).

Foreign holdings in South African mining shares ~~has~~ have steadily fallen over the past six years from 33.7 percent in 1982 to 23.6 percent in 1987. (see Table 2) The drop is reflected in both the holdings of gold mine shares as well as the holding of stock~~s~~ in De Beers. U.S. holdings of South African mining shares ~~has~~ have fallen slightly less rapidly than total foreign holdings, implying that U.S. persons have tended to hold their South African mining

Table 1
Foreign Holdings in South African Mining
(as of December 31, 1987)

	TOTAL	U.S.	EUROPEAN
Total Foreign Shares (000)	673,995	400,871	273,123
% of Total Outstanding	23.8	14.2	9.6
Dollar Value (mill$)*	8,438	4,566	3,872
Gold Mine Shares (000)	435,165	282,745	152,420
% of Total Outstanding	25.8	16.7	9.1
Dollar Value (mill$)*	5,059	3,207	1,852
Mining House Shares (000)	70,854	16,354	56,500
% of Total Outstanding	16.2	3.7	12.5
Dollar Value (mill$)*	1,865	465	1,400
Platinum Mine Share (000)	46,884	42,650	4,234
% of Total Outstanding	13.6	12.4	1.2
Dollar Value (mill$)*	366	333	33
De Beers Shares (000)	121,091	59,121	61,970
% of Total Outstanding	33.7	16.4	17.3
Dollar Value (mill$)*	1,149	561	588

* Dollar values computed at the Financial Rand Exchange rate of: 1 Rand = $0.32.

Source: Davis, Borkum, Hare, Foreign Holdings in south African Mining Shares as of December 31, 1987, Johannesburg, South Africa, 1988.

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shares. Since U.S. holdings represent almost 60 percent of total holdings, the drop from 19.5 percent of all shares in 1982 to 14.2 percent of total shares in 1987 reflect a slight increase in the U.S. share of total foreign ownership.

As highlighted in reports by Davis, Borkum, Hare, U.S. investors have tended to own different types of mining shares than other foreign investors. That is, U.S. investors tend to own many shares in older mines whose useful life may be near an end. This ownership pattern stems from the fact that many U.S. individuals are long term owners of many of the shares as opposed to institutions which daily monitor developments. Further, the tendency to own shares in 'marginal' operations, implies that the price drop might be larger for these operations as there are fewer buyers willing to purchase the shares than if the operations were near the beginning of their life.

Since the 1987 survey of foreign ownership in South African mining shares, there has been a large drop in gold mine share prices both in the U.S. and abroad. (See Figures 1 and 2) Since December 31, 1987, the dollar index of South African gold mine shares has fallen over 30 percent and over 42 percent since a high in July, 1987. Similarly, the price index for U.S. gold mine shares has fallen 23 percent from its peak and risen slightly since December. The relative drop in the value of South African mines effectively reduces the value of South African gold mine share to U.S. persons by 30 percent.

The drop in South African gold share prices since December reflects a number of phenomena. First, it represents a continuation of the downward trend since October 19, 198~~8~~7. Second, there has been a shift in gold mining costs as U.S. gold has become less expensive to mine than South African gold. This reduction in relative mining costs makes U.S. gold mines relatively more attractive investments. Finally, the introduction of H.R. 1580 has made investments in South African shares more risky to U.S. persons, thereby reducing demand and influencing price.

Table 2
Trends in Foreign Holdings of South African Mining Shares
(percent of shares in issue)

	1982	1983	1984	1985	1986	1987
Total	33.7	30.6	27.4	28.5	26.6	23.8
Gold Mine Shares	37.8	35.4	28.8	30.2	28.0	25.8
De Beers Shares	39.0	32.2	32.0	37.2	34.5	33.7
Total U.S. Holdings	19.5	17.7	15.2	14.7	13.4	14.2

Source: Davis, Borkum, Hare, Foreign Holdings in south African Mining Shares as of December 31, 1987, Johannesburg, South Africa, 1988.

IV. IMPACT OF RESTRICTION ON U.S. HOLDINGS OF GOLD SHARES

A. Analytical Framework

H.R. 1580 requires the divestiture within 6 months by all U.S. persons of holdings in South Africa. Although, the divestiture requirement goes beyond the scope of this analysis, only gold mine share divestiture is analyzed here due to the extensive data available and the fact that gold mine share divestiture is likely to induce the largest capital losses for U.S. investors. The capital loss stems from the fact that U.S. investors must sell their securities no matter the price. Since other investors around the world will be aware of this requirement and U.S. persons hold such a large portion of total shares outstanding, the market is likely to be flooded and U.S. persons may not fetch a price that would otherwise prevail.

This analysis determines the probable capital loss U.S. investors would experience from divestiture. The first step in the analysis is to forecast the price of South African gold mine shares assuming no divestiture. This price is then compared to a forecast of prices U.S. investors would receive under a forced sell arrangement. A variety of scenarios are constructed concerning the rate at which the stocks would be sold to determine the capital loss in each of the six months required to sell. Thus, the difference in prices times the number of shares sold yields the capital loss.

The first step in the analysis is to construct a forecasting model of South African gold share prices. The details of the South African gold share price model are contained in the Technical Appendix. General economic and financial theory suggests that South African gold share prices are related to the price of gold, the yields on alternative investments, inflation, and the number of shares coming to market. Generally, the higher the price of gold, the higher will be the expected price of gold mine shares. Further, the higher the yield on alternative gold share investment, the lower the price of South African gold stocks. Since gold is often considered a hedge against inflation, if inflation expectations rise, the price of gold mine shares should also rise. Finally, the greater the number of shares in the market the lower are expected gold mine share prices. Since the model is used to predict South African gold share prices, all units are converted to dollars to accurately adjust for the influence of exchange rate changes.

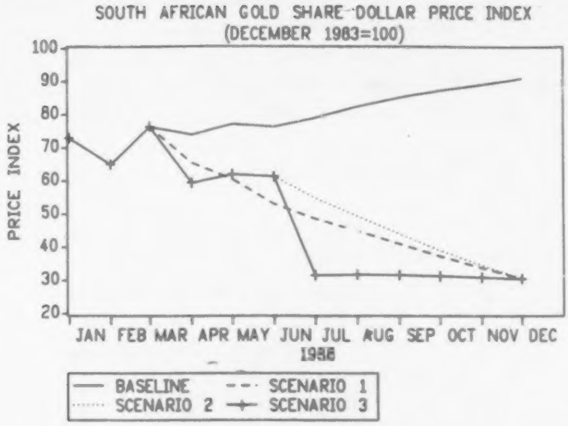
The results of the estimation of the model reveal the magnitude of the influence gold prices, inflation, or the number of shares in the market have on the price of South African gold shares. The estimate of the equation presented in the Technical Appendix reveals that a one percent increase in the price of gold results in a .86 percent reduction in the price of South African gold mining shares relative to the price of gold mining shares of other countries, although both South African and non-South African mining share prices would rise. This result supports the notion that as the price of gold rises the attractiveness of investing in non-South African mines rises compared to the attractiveness of investing in South African mines. Further, a one percentage point rise in nominal interest rates, suggesting future inflation, leads to an appreciation of the price of South African gold mining shares, consistent with the theory that current gold mines act as a hedge against inflation. Finally, our measure of the number of shares coming to market, the U.S. share of ownership in South African mining shares, is positively related to the price of South African gold mine shares suggesting that a one percentage point reduction in U.S. ownership (from, say, 14 to 13 percent) leads to a .07 percent reduction in the relative dollar price of South African gold mine shares.

B. Alternative Scenarios

The baseline forecast of South African gold mine shares prices was generated assuming a constant $450 per ounce gold price as well as a WEFA Group forecast of interest rates. Under these assumptions, the price index of South African gold mining shares rises slightly in 1988. (See Figure 3) Three alternative scenarios were then constructed each reflecting alternative rates of selling the U.S. holdings of South African mining shares. Under each alternative, it was assumed that the bill (H.R. 1580) was passed immediately and complete divestiture would occur by January 1, 1989.

Under Scenarios 2 and 3, 25 percent of U.S. holdings were sold in April, 1988 after the introduction of the legislation. That is, we assumed that 25 percent of the U.S. holders of South African gold stocks thought that once the legislation was introduced it had a high probability of passage. These shareholders decided to sell immediately before they felt prices would drop further. Although this sale occurs before the actual passage of the

Figure 3



legislation, we feel the effect of the legislation is felt once there is a perceived risk of enactment, which occurred in March, 1988.

Under Scenario 1, gold shares held by U.S. persons were assumed be sold in equal increments throughout the remaining 9 months of the year. Thus, by the time the legislation was enacted, thirty percent of total U.S. holdings had been sold. This scenario reflects orderly behavior by U.S. holders of South African gold shares.

Under terms of Scenario 2, it was assumed that once the spurt of selling in April subsided, there was no further reduction in U.S. holdings until actual enactment in July. Once the legislation was enacted U.S. holders of South African gold mine shares were assumed to act in an orderly fashion and reduce their holdings by equal increments in the last 6 months of 1988. This assumes there is no panic selling as a number of shareholders might anticipate a constant price as they feel international investors ~~eagerly~~ will purchase their shares eagerly.

Finally, we assumed that once the legislation was passed there was a panic sell. Under this set of assumptions (Scenario 3), after the initial spurt of selling behavior in April, 80 percent of the remaining U.S. shareholders sell their stocks in July, the month the bill is enacted. This drives the price down immediately. The remaining 20 percent of U.S. shareholders are assumed to sell their stocks slowly over the remaining 5 months of the year.

C. Capital Loss Estimates

The U.S. dollar price index under all three assumptions ultimately falls by the same amount by the end of the year, but the pattern of price drop differs. The reduction in the dollar price of South African gold shares is illustrated in Figure 3 under each scenario. Under baseline conditions, the relative price of South African gold mine shares is expected to rise slightly over the remainder of the year due to a constant gold price assumption and an assumed slight rise in interest rates. If Scenario 1 is correct, the relative dollar price of South African gold stocks declines at a steady rate to less than half the March level by December 31, 1988. Scenarios 2 and 3 produce the same price path until June, 1988. Beginning in July, the price drops rapidly under Scenario 3, by almost 50 percent in one month, as a large number of U.S. persons rush to sell their stock. If Scenario 2 holds, there is a more orderly drop in price through the end of the year.

In all cases, the dollar price drop is over 50 percent by the end of the year compared to March, 1988 levels. This steep drop in the dollar price may not accurately reflect the world market for South African gold mine shares even if it does accurately portray the fall in prices confronting U.S. owners of such shares. U.S. owners are more adversely affected due to the likely fall in the value of the South African Rand vis-a-vis the U.S. dollar attributable to such legislation. That is, the legislation is likely to ~~reduce the~~ increase drastically, the supply ~~demand for~~ of Financial Rands and ~~lower the exchange rate~~ drive down the price. We have not attempted to separate the price decline into an exchange rate component and Rand price of gold mine share component.

The cumulative capital loss to U.S. ~~persons~~ of divestiture ranges from $1,227 million to $1,246 million depending on the scenario. (See Figure 4) These losses were determined by applying the drop in the price to the assumed number of shares sold in each month. The transactions price for each month was assumed to be the monthly average and not the end of month price. When the price decline and rate of sell-off is most gradual (Scenario 1) the capital loss is $1,243 million. Under Scenario 2, when there is a large initial sell-off after the legislation is assumed to be enacted, the capital loss is the highest, $1,215 million. If there is a panic sell in the first month (Scenario 3), the capital loss is the lowest $1,227 million. The loss across scenarios does not differ greatly because the ultimate number of securities which must be sold is the same.

The distribution of the capital losses across the calendar year differs greatly under the alternative assumptions. (See Figure 5) Under Scenario 1, the capital loss rises over time from $85 million in April to $177 million in December due to the rising spread in prices and the constant nature of resell-off. The capital loss under Scenario 2 is $165 million in April, 0 in May and June, $141 million in July, and rises gradually to $212 million in December. The capital loss if Scenario 3 were to hold exhibits a similar pattern as Scenario 2 over the April-June period, but reveals a large loss of $810 million in July due to the large drop in price attributable to the panic sell. Under all scenarios, U.S. investors suffer capital losses of over $1.2 billion. The main difference across scenarios is the timing of the loss which tends to be concentrated in the beginning if there is a panic sell.

The analysis was limited to the capital loss attributable to the sale of South African gold shares, which clearly understates the likely total impact of the legislation. We feel that if the same pattern of price decline and selling were to occur for other types of South African mining shares (e.g., mining houses, platinum mines, and De Beers), the capital loss would be over $1.6 billion and if the losses of U.S. firms who invested directly in South Africa are considered, the total capital loss accruing to U.S. persons could exceed $2 billion.

The $1.2 billion capital loss is conservative for a number of other reasons. First, U.S. investors tend to hold shares in mines which are nearer the end of their useful life and are likely to be traded less often. Thus, a forced sale of stocks which are infrequently traded might push the price down further than the dollar index of all shares might suggest. Second, many U.S. holdings are in mutual funds. Securities and Exchange Commission rules require mutual funds to pay the proceeds of redemption within seven days of receipt. Thus, if the legislation passes, mutual fund shareholders might issue a large number of redemption orders, which in turn could trigger large

Figure 4

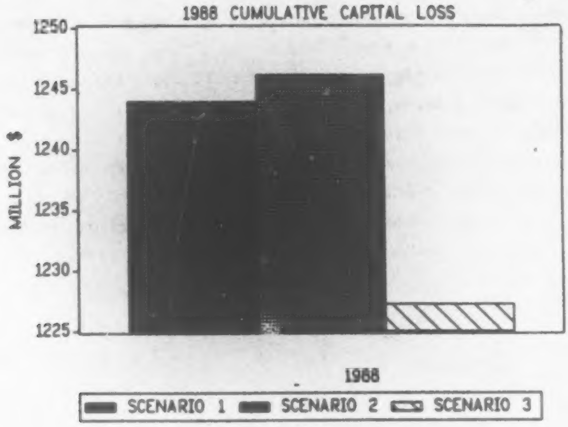
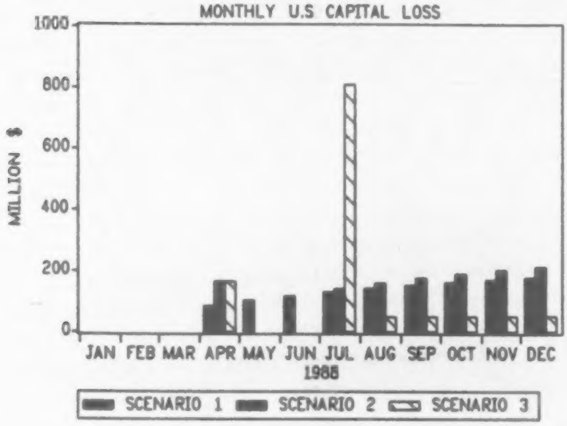


Figure 5



scale sell orders of South African mining shares by the funds. These sell orders imply the price drop could be very rapid in conformance with Scenario 3. Third, U.S. investors tend to own a large share of specific mining stocks and divestiture might force the price of those stocks to fall considerably more than the average South African gold share as the market for those particular stocks is flooded. Finally, divestiture could create a bonanza for non American investors in South African mining shares as they intentionally withhold their demand for mining shares until the last minute in hopes of purchasing the shares at 'fire-sale prices'. If foreign demand is limited, the drop in price could be larger than that estimated here and the capital loss larger.

V. CONCLUSIONS

If U.S. persons are forced to divest themselves of South African gold shares a capital loss of over $1.2 billion is likely to occur. The loss results from the expected lower sale price confronting U.S. shareholders. The estimate of the capital loss was calculated by comparing a forecast of average South Africa gold mine share prices under the assumption that there is no legislation and the assumption that legislation is passed in July, 1988. The capital loss estimate reflects only a portion of the capital losses likely to result from the proposed legislation since only the loss attributable to the forced sale of gold mining shares is estimated. The divestiture provisions of H.R. 1580 imply larger total losses as U.S. persons would be forced to sell other mining shares (e.g., De Beers shares and other platinum mine stocks) whose price is likely to fall due to large scale U.S. involvement in the market for such shares. In addition, capital losses might be experienced by owners of other South African investments such as U.S. firms who would be forced to sell their South African operations at somewhat below market value. Further, the constitutionality of the legislation may be questioned and numerous legal suits by shareholders could result.

The capital loss estimated reflects a conservative estimate since the prices used to calculate the capital loss reflect an index of the average share price of South African gold mining stocks. To the extent U.S. holdings are not reflective of the average, the estimate may not be accurate. If, as some anecdotal evidence suggests, U.S. persons tend to concentrate their holdings on relatively few, somewhat more risky stocks, then the price decline for U.S. persons might be greater than the overall decline in the dollar price index of South African gold shares and the capital loss greater than estimated.

The analysis was limited in a number of other respects. It was beyond the scope of this analysis to estimate the economy wide effects of the legislation on either the U.S. or South African economies. Further, the impact on other non-U.S., non-South African shareholders was not estimated. That is, European shareholders in South African mines might also suffer capital losses, which might have foreign policy implications. Finally, the legislation may not function as intended in that U.S. persons would suffer capital losses, while the beneficiaries could be South African investors who might purchase gold shares at reduced prices.

TECHNICAL APPENDIX

This appendix contains a detailed description of the model used to estimate the capital loss to U.S. shareholders of divestiture in South African gold mine shares. The model is built upon the theory that prices are a function of supply and demand conditions. Specifically, the price of South African gold shares is related to the price of alternative investments (prices of gold shares in other countries), the price of gold, expected inflation (measured by long term interest rates), and the number of shares expected to come to market (measured by the U.S. share of total South African mining shares). All prices are expressed in terms of dollars to facilitate computations and circumvent the need to forecast the exchange rate. Further, the dollar price is the relevant price since any capital loss accrues to persons whose investment is denominated in dollars.

The estimated relation is as follows:

$$\log(\text{relgshi}) = -\underset{(7.23966)}{0.86259} * \log(\text{pgold\$}) - \underset{(7.68397)}{0.34153} * \text{dum8578512} + \underset{(7.31092)}{11.8579} * \text{rbaac} + \underset{(3.49088)}{7.73829} * \text{ushr} + \underset{(8.57494)}{6.80652}$$

Sum Sq	0.3990	Std Err	0.0952	LHS Mean	4.2236
R Sq	0.9395	R Bar Sq	0.9340	F 4, 44	170.956
D.W.(1)	1.4183	D.W. (12)	1.6976		

Where:

relgshi = (us$sagshi/aveshi)*100, or
= relative price of South African gold shares to a weighted average of Australian, Canadian, and U.S. gold shares indexed so December, 1983=100,
pgold$ = dollar price of gold,
rbaac = interest rate on baa corporate bonds,
ushr = U.S. share of total South African mining shares outstanding, and
dum8578512 = dummy variable = 1 during the period of uncertainty of the first sanctions bill in the second half of 1985, 0 otherwise.
aveshi = .37usgshi+.37us$cgshi+.26us$agshi, or
= weighted average of Australian, Canadian, and U.S. gold share price index
us$sagshi = dollar denominated South Africa gold share index (Dec. 1983=100)
usgshi = U.S. gold share index (Dec. 1983=100)

us$cgshi = dollar denominated Canadian gold share index (Dec 1983=100)
us$agshi = dollar denominated Australian gold share index (Dec 1983=100)
(t statistics in parenthesis)

The equation exhibits a strong fit with the relationships conforming to hypotheses and each variable a significant explainer of movements in relative prices. Neither the presence nor absence of autocorrelation are detected by the Durbin-Watson statistic; therefore, no adjustment for autocorrelation was made.

Data on the U.S. share of South African mining shares was only available from annual reports, but interpolated to a monthly frequency using the cubic spline method. Further, consistent U.S. ownership data was only available for all mining shares, which was assumed to be reflective of gold mining shares. The weights for the average price index of the U.S., Canadian, and Australian gold price indices were determined by the 1986 levels of gold production in those countries.

For forecast purposes, a constant $450 per ounce price of gold was assumed to prevail throughout 1988 (consistent with current prices), and the average share price of other country gold stocks was assumed unchanged. Changing either of these assumptions would result in a change in both the baseline and alternative forecast of South African gold share prices and could change the estimated capital loss. The interest rate forecast for baa corporate bonds was assumed to conform to the current WEFA Group interest rate forecast, which predicts slightly rising rates for the remainder of the year.

The actual capital loss for each month was determined by calculating the difference in prices between the baseline forecast and each alternative and multiplying that difference by the number of shares sold. In terms of the variables used above, the monthly capital loss can be expressed as:

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uscaploss = (((us$sagshi.s+us$sagshi.s[-1])/2) - ((us$sagshi.b +
            us$agshi.b[-1])/2)/((us$sagshi.b+us$sagshi.b[-1])/2)*
            ((ushr.s-ushr.s[-1])/ushr.b)* 2095
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Where the .s indicates an alternative scenario, the .b indicates the baseline scenario, and the [-1] indicates the variable lagged one period.

The summation of capital losses across the twelve months yields the cumulative capital loss over the year.

The African National Congress: Cadres and Credo

Michael Radu

The African National Congress (ANC) has long sought to portray itself as the South African government's only major opponent, the sole legitimate alternative to apartheid. Yet, it is only recently that this claim has been taken more seriously in the West, as is indicated by such things as the meeting between Oliver Tambo and US Secretary of State George Shultz in February 1987. This change in Western perception of the ANC and its role is due in large measure to the ANC's own successful propaganda campaign abroad coupled with the renewed international preoccupation with the situation in South Africa.

The growing attention being focused on the ANC calls for a critical assessment of the nature of this organization, its infrastructure and activities, its membership, and its degree of popular support within the country. Is it a democratic spokesman for the legitimate national interests of the majority Black population? Is it a purveyor of violent revolution? Is it unwittingly a pawn of the numerous members of the South African Communist Party (SACP) who have infiltrated it? Are these even the right questions?[1] Answers are not easy to come by, in large part because the ANC has been outlawed inside South Africa since 1960 (the Communist Party has been outlawed even longer, since 1950).[2] At least in part as a response to this status, it has developed a highly secretive and compartmentalized structure of decision-making in its political and military branches. The latter, Umkhonto we Siswe ("Spear of the Nation" in Zulu), is largely known by the acronym "MK." The number of actual decision-makers within the ANC is small, consisting mainly of members of its National Executive Council (NEC). Yet, not all NEC members are equal in importance, perform similar tasks, or (claims to the contrary notwithstanding) have identical loyalties. Some are first and foremost ANC cadres; others are cadres of the SACP specializing in front organizations, indoctrination, and propaganda. Members of both groups have allegedly been heavily involved in the conduct of military-terrorist operations.

Despite their organizational secrecy, both the ANC and the SACP have issued numerous public statements through ad hoc documents, speeches, and pamphlets, as well as through regular publications, including the ANC's *Sechaba* and the SACP's *The African Communist*.[3] In addition, interviews and testimony provided by past and present members of the two organizations reveal much about the intertwined histories of the two organizations.[4] The issue is not whether the SACP has

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[1] Coverage of the ANC ranges from the sympathetic treatment by the TransAfrica group or Thomas Karis (as typified in his recent "South African Liberation: the Communist Factor," *Foreign Affairs* [New York], Winter 1986/87) to the critical views of Black radicals close to the Pan Africanist Congress and of the South African government itself.

[2] Until 1950 (when the party formally dissolved itself in the face of an impending government ban), it was known as the Communist Party of South Africa (CPSA). The party was reconstituted underground under its present name, SACP, in 1953.

[3] Both are printed in East Berlin and widely available in the West. Less easy to find is the South African Communist Party's *Umbesenzi*, published clandestinely inside South Africa.

[4] The most important sources are the two massive volumes resulting from the 1982 US Senate hearings on Southern Africa; see *The Role of the Soviet Union, Cuba, and East Germany in Fomenting Terrorism in Southern Africa*, Hearings before the Subcommittee on Security and Terrorism of the Committee on the Judiciary, United States Senate, Ninety-Seventh Congress, Second Session, March 1982, Washington, DC, US Government Printing Office, 1982, Vols. 1-2 (hereafter cited as *Hearings*). These hearings include mostly eye-witness testimonies from former members of the ANC, MK, and SACP. Additional important data, unchallenged by the ANC or the SACP, also appeared in the brief pamphlet *Talking with the ANC*, published by the South African Government's Bureau for Information.

The 1985 funeral of assassinated United Democratic Front lawyer, Victoria Mxenge, in King Williamstown brought an attack by black mourners on a police car and the beating and burning of a policeman in a nearby field.

—Ian Berry/Magnum.

subverted or controls the ANC. Rather, what emerges is a picture of the ANC's own evolution over the years from a decentralized, voluntary, and loose organization, with an ethnically homogeneous Black membership, to a highly centralized, undemocratic, multiracial umbrella group, largely dominated by non-Blacks. It has changed from a semi-nationalist organization dedicated to the pursuit of civil and political rights for South Africa's Blacks, to a "vanguard" type of organization with strong Marxist-Leninist elements, operating on the Leninist principle of "democratic centralism," and pursuing anti-capitalist, "anti-imperialist" goals that are congruent with Soviet foreign policy objectives.

Origins and Evolution

The unique nature of South Africa on the African continent has shaped the peculiar characteristics of both the ANC and the SACP. The Union of South Africa was established in 1910 as a British dominion, making it the third oldest independent state on the continent, and one long associated with the West (through Commonwealth membership—until 1962—and through its participation on the Allied side in both world wars and contribution of forces to the UN peace-keeping mission in the Korean war). This plus the relatively developed nature of South Africa's politics (for all races) and economic structure help explain the fact that the ANC is by far the oldest "national liberation" movement in Sub-Saharan Africa. Long before "natives" in colonial Africa were allowed to vote, directly or otherwise, in matters affecting their lives, Blacks and Coloreds in the Cape Province enjoyed a qualified franchise. At the time of the formation of the Union of South Africa in 1910, one in every seven voters on the Cape's common roll was Black or Colored. In

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Pretoria, June 1986. Still another important source is Keith Campbell, *ANC—A Soviet Task Force?* London, Institute for the Study of Terrorism, 1986; despite its title and tone, this small publication provides a wealth of information based on original sources.

The author also conducted his own interviews with the ANC and with members of its front organizations in Zimbabwe (1985) and in South Africa (1984 and 1986), as well as with South African scholars, military personnel, and police. For obvious reasons, some of these sources did not want to be identified.

1936, however, Blacks were removed from the common roll on the Cape and instead allowed to elect three white MP's. Blacks in the rest of the country, never on the common roll, were allowed to elected four white senators. Coloreds remained on the Cape Province's common voters' roll until 1956.

The ANC was founded as the South African Native National Congress on January 8, 1912, in Bloemfontein, at the initiative of a graduate of Columbia and Oxford universities, Pixley ka I. Seme, and other similarly well-educated Blacks (the Congress adopted its present name in 1925). It was intended as a mutual aid and political pressure group for Blacks and until at least 1928 remained a small, elitist, and conservative Christian organization devoted to promoting traditional African values. The early Congress was mostly interested in broad nation-building among all South African black peoples, although its founders, including Seme, were mostly Zulus (as we shall see, younger and more radical Xhosas largely replaced the Zulus during the 1940's).

The ANC took a generally pro-business posture and sought to elicit economic and political concessions from the government by means of petitions and peaceful demonstrations. It grew increasingly clear, however, that such tactics were not going to prevent further weakening of the Blacks' political position in the country, as demonstrated by their removal in 1936 from the common electoral roll even in the liberal Cape Province.[5]

From early on, there were deviations from the basically conservative orientation of the ANC. For example, in 1927, ANC President Josiah Gumede traveled to Moscow to participate in the 10th-anniversary observance of the Bolshevik Revolution. The delegation of which he was a member first stopped in Brussels for a meeting of the League Against Imperialism. Gumede was heavily influenced by the trip and stated upon returning: "I have seen the new world to come, where it has already begun,"[6] a view that hardly represented the predominant outlook of the ANC at the time. For such attitudes, among other reasons, Gumede was voted out of office in 1930. He was replaced first by Seme and then, in 1940, by Alfred Xuma, a more pragmatic but still basically conservative leader. Although Gumede was forced out of the ANC, his attitudes were not necessarily atypical for members of the ANC leadership, who have, over the years, demonstrated a penchant for having differing ideological aims, for pursuing different agendas, and for being active in outside organizations.

The first overt signs of cooperation between the ANC and the Communist Party of South Africa surfaced in 1928, when ANC Secretary General E. J. Khaile was also elected to the CPSA Central Committee.[7] This development came perhaps not coincidentally in the wake of a 1927 Comintern-imposed decision to shift CPSA strategy toward seeking a "Black Republic." The Comintern decision was putatively taken by Nikolay Bukharin after his meeting with CPSA Central Committee Member James La Guma, a South African Colored and one of the first non-whites to become prominent in the CPSA. La Guma had traveled to Moscow as part of the same delegation that included Gumede. In response to the Comintern decision, the CPSA also expanded its Black membership. From having few, if any non-white members in 1924, the CPSA by 1928 dutifully claimed 1,600 Blacks among its total membership of 1,750, although leadership still largely remained in white hands.[8]

The somewhat halting cooperation between the ANC and the SACP took on new life after 1941. With Hitler's invasion of the Soviet Union in June 1941, the CPSA became a fervent supporter of an all-out anti-Nazi war effort (having previously urged non-whites not to enlist in what it had termed an "inter-imperialist" war).[9] In response, the Liberal government of Jan Christiaan Smuts lifted most of the previous restrictions on the CPSA, allowing it to organize and mobilize under the guise of anti-fascism. It became increasingly clear, particularly after 1943, that the CPSA was taking advantage of the war coalition to pursue its own goals, including seeking and getting election or appointment to politically sensitive positions. This fact only strengthened Afrikaner opposition to the Liberal Smuts government, and as the latter progressively lost ground to all-out Afrikaner nationalists and racialists, the CPSA's clear advantage over the ANC in funding, mobilization, organization, and

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[5] See Campbell, op. cit., p. 44.

[6] Both the SACP and the ANC have recently endorsed this early statement. See *Umbesenzi*, Vol. 2, No. 1, 1986, p. 19; and interview with ANC President Oliver Tambo in *Africa Report* (New Brunswick, NJ), September-October 1981, p. 21. Tambo stated: "Official contact between the ANC and the Soviet Union goes back as far as 1927. Practical experience has shown our people and the ANC that President Gumede was not wrong in his assessment of 55 years ago . . . ."

[7] Henry R. Pike, *A History of Communism in South Africa*, Pretoria, Sigma Press for Christian Mission International of South Africa, p. 239. This overlapping worked both ways, with CPSA leaders like J. B. Marks becoming ANC general secretary in 1936.

It is essential to underline the clear distinction between the presidency and secretary generalship of the ANC, two offices which seem to have been occupied by persons of different party and or ideological commitments since Khaile. Most of the time the presidency has been occupied by persons (always Black) without known association with the SACP; the secretariat, on the other hand, has often been held by SACP members or SACP sympathizers.

[8] Pike, op. cit., p. 168; the same figures are given in *African Communist*, No. 65, 2nd Quarter 1975, reproduced in *Hearings*, Vol. 1, p. 409.

[9] See Jordan K. Ngubane, *An African Explains Apartheid*, New York, Praeger, 1963, p. 162. Two of the most vocal antiwar activists before 1941 had been Moses Kotane, a Black, and Yusuf Dadoo, an Indian. On Dadoo's role, see Richard Gibson, *African Liberation Movements*, New York and London, Oxford University Press, 1972, p. 42.

Nelson Mandela (left) and Walter Sisulu photographed at Robben Island prison in 1966.

—Gamma-Liaison.

propaganda gave it increasing influence within the ANC, which was headed at the time by the relatively ineffective Xuma.

At the same time, the ANC began to show signs of intense internal ideological struggle. In 1944, under the leadership of a dynamic activist, Anton Lembede, a group of very young Black professionals discontented with the ineffectiveness of the traditional ANC established the ANC Youth League (ANCYL), aimed at promoting African interests without cooperating with the "system." Among the most prominent members of the group were Walter Sisulu, Jordan Ngubane, Nelson Mandela, Oliver Tambo, Peter Tsele, and Duma Nokwe. Their original goal was to find an "African" ideology unspoiled by either pro-Soviet elements or the conservatism of the ANC old-timers.[10] From the start, however, the ANCYL project ran into serious problems. Lembede and his natural heir, Peter Mda, both died early (in 1947 and 1948), and the ANCYL was soon riven by factionalism.[11]

Nevertheless, the ANCYL scored an initial success in 1949, when Xuma was voted out of office and replaced by the more liberal (or pliable) Dr James Moroka as ANC president, and ANCYL's Walter Sisulu defeated CPSA figure Daniel Tloome in a close contest for ANC secretary general. However, ANCYL's victory was limited by the fact that at the same time, veteran CPSA leader Moses Kotane, by then already a graduate of the Lenin School in Moscow (like J. B. Marks before him), and Tloome were elected to the ANC's National Executive Committee.

By the late 1940's, strong leftist, i.e., pro-communist, credentials were clearly not an impediment to attaining office in the ANC, at least below the level of the presidency. This was demonstrated by the narrowness of Sisulu's victory over Tloome. Not only did a known CPSA leader almost make it to the top of the ANC, but Sisulu himself soon demonstrated a growing dependence upon the communists. This leftist tendency has grown with time. According to 1982 testimony of Bartholomew Hlapane, a one-time member of the SACP Central Committee, there were seven SACP members on the ANC "executive" (i.e., National Executive Committee). According to Hlapane, "all policy-making in the ANC was first discussed by the [SACP] Central Committee."[12]

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[10] Campbell, op. cit., pp. 44–45.

[11] Pike, op. cit., pp. 281–82.

"Entryism" at Work

In the postwar period, several sharp setbacks drove the CPSA to seek closer involvement in the ANC. The CPSA-sponsored miners' strike of 1946 was unsuccessful, and by June 1950, a new Nationalist government passed the Suppression of Communism Act, banning the party. The CPSA tried unsuccesfully to fend off the worst effects of the Act by declaring the party "dismantled" four days prior to the law's adoption.[13] The banning of the CPSA had the consequence, certainly unintended by the government, of driving party cadres into the ranks of still-legal organizations, first and foremost the ANC. What until 1950 had been a mildly successful effort by the party to influence the ANC, became a classic case of "entryism"—the start of the communist party's efforts to infiltrate and dominate all anti-apartheid groups, but principally the ANC.

With the weak Dr. Moroka as its leader, the ANC was influenced by the ANCYL, particularly its left-wing members (Mandela, Sisulu, and Nokwe), to engage in a massive campaign of civil disobedience—the Defiance Campaign—to protest the first apartheid laws, promulgated in 1951. This campaign was organized by a Joint Planning Committee, composed of Moroka, Marks, Sisulu, Yusuf Dadoo, and Y. A. Cachalia, of whom Cachalia, Dadoo, and Marks had been members of the "disbanded"-banned CPSA.[14] The committee met in Johannesburg, seat of the Transvaal ANC branch, the most powerful in the movement; at the time ex-Comintern agent Marks was president of the Transvaal ANC branch, and "ex"-CPSA member David Bopape was Transvaal ANC secretary general.[15] In a highly significant move, the Transvaal ANCYL branch conceded equal representation in the leadership of the Defiance Campaign to the South African Indian Congress (SAIC), a leftist-oriented group founded in the early 1900's with the merger of three Indian groups (the oldest being the Natal Indian Congress, founded by Gandhi in 1884) and led in the 1950's by Dadoo.[16]

Reginald September, a member of the South African Communist Party, active in the affairs of the Colored People's Congress and a member of the politico-military committee of the African National Congress.

—Camera Press.

Although the campaign was planned as one of peaceful demonstrations of civil disobedience, there were enough isolated cases of violence, including the mob killing of a nun, to provide the government with justification for the extensive use of force and mass arrests (among those arrested were Marks, Kotane, Dadoo, and Tloome). By the end of 1952, the campaign was called off, not, however, before providing the ANC a greatly expanded public following.[17]

In this period, the illegal communist party worked to set up or manipulate other "legal" front organizations in order to carry on its activities. In September 1953, the

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[12] Ibid., p. 242.

[13] This was a futile attempt to allow party members and fellow travelers to maintain their legal positions, including membership in the Parliament and in local or provincial government bodies.

[14] Pike, op. cit., p. 290.

[15] Campbell, op. cit., p. 47.

[16] Ngubane, op. cit., p. 163.

[17] At the start of the campaign, Moroka called for 10,000 volunteers but only got some 8,500. By the end, the ANC membership had risen to 100,000. See Mary Benson, *The Struggle for a Birthright*, Harmondsworth, Penguin Books, 1966, p. 160.

Colored People's Organization was established; it was later renamed the Colored People's Congress (CPC). The CPC soon came under the control of the SACP through leaders like Reginald September. In October of the same year, the Congress of Democrats (COD) was established, led by Bram Fischer (who would later serve as chairman of the SACP), Joe and Ruth Slovo, and Leonel Bernstein. Finally, in March 1955, the South African Congress of Trade Unions (SACTU) was founded; it soon affiliated with the Moscow-dominated World Conference of Trade Unions, and was controlled from its inception by SACP cadres like Stephen Dhlamini, Vuyisile Mini (hanged for MK terrorism in 1964), and Leon and Norman Levy. SACTU was led from the outset by Black Communists Moses Mabhida (later a SACP president) and Dhlamini, but unlike the other front organizations, it openly claimed multiracial membership. That at least SAIC, CPC, and SACTU were party fronts was implicitly admitted by *The African Communist* years later, when it quoted from a statement by the SACP Central Committee that, following the founding of the MK in December 1961, "*it was decided that the SAIC, CPC and SACTU should not do anything to jeopardize their legality by an open commitment to armed struggle.*"[18]

The failure of the Defiance Campaign to change the situation of Blacks in South Africa pushed some former ANCYL leaders further left. In 1953, with financial support from COD, a delegation including Sisulu and Nokwe visited Eastern Europe and the USSR. That visit, and the clear dependence of the ANC radicals upon the COD and "former" Communists in their own ranks for financial and organizational support, signaled the beginning of the end of the ANC's already shaky organizational independence.

Other events, too, helped to destroy the ANC's original identity and drive genuine "Africanists" from its ranks. The foremost of these factors was, ironically, the 1952 election of Chief Albert Luthuli as ANC president. A true pacifist, Luthuli was the closest any ANC leader has ever been to a Martin Luther King. Through sheer charisma, Luthuli might conceivably have maintained some balance between his own pacifism and the more aggressive tactics of a Sisulu or Mandela, and between the competing Communist and Africanist undercurrents in the ANC. Unfortunately, however, he was banned to rural Natal almost from the start by the Nationalist government. Communists and radicals in the ANC ranks refused to move the organization's headquarters from Johannesburg (where they controlled the Transvaal branch) to Durban, only 48 miles away from Luthuli's place of banishment. The result was that Luthuli was never more than a figurehead for the ANC, poorly or never informed of decisions taken in his name and out of touch with the developments within the organization.[19]

Albert Luthuli, elected president of the African National Congress in the 1952.

—Camera Press.

Taking maximum advantage of the precedent established by the ANCYL in 1952 of allowing equal participation of non-ANC groups in the planning of the Defiance Campaign, the CPSA remnants successfully pushed for the establishment in 1955 of the Congress Alliance, which included the ANC (by then effectively led by Walter Sisulu, due to Luthuli's banning), SAIC, COD, CPC, and SACTU. The formation of the Alliance meant the combination of an already heavily Communist-infiltrated organization (the ANC) with four Communists fronts, all having equal standing in the coordinating committees of the umbrella organization.[20]

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[18] "The Enemy Hidden under the Same Colour," Statement of the CC of the SACP, in *African Communist*, No. 65, 2nd quarter 1975, loc. cit. (emphasis in original text).

[19] Ngubane, op. cit., pp. 583-85, and Campbell, op. cit., p. 47.

[20] See Gibson, op. cit., p. 51, and Campbell, op. cit., p. 46.

The same organizational principle governed membership on the committee formed to draft a "Freedom Charter" for the Alliance, a document that till this day remains the fundamental statement of the ANC outlook. Drafting of the Charter was undertaken very "discreetly," (even though all Alliance member organizations were legal at the time), and Luthuli himself did not even see the text until after it was publicly adopted.[21] A majority of the drafting committee was non-Black or non-ANC; the most prominent of the drafters were Bernstein and Joe Slovo of the COD, Dadoo, Tloome, and Dhlamini—people for whom strictly African affairs were less vital than were ideological and internationalist considerations. This may explain the fact noted by observers on both the left and right that the Freedom Charter had a strong "European" flavor. Indeed, the language was a departure from traditional ANC concerns with political representation and economic opportunity for Blacks, but was similar to communist documents elsewhere. The document did not even mention the principles of "one man, one vote," Pan Africanism, or African decolonization. Such concerns were only to become part of the standard ANC language a few years later.[22]

The tactics evident in the drafting of the Charter were also observable in the procedures utilized to achieve adoption of the Charter at a "Congress of the People," held at Kliptown, near Johannesburg, June 25-26, 1955. Luthuli, the ANC president, was neither present, nor consulted; some 1,000 of the 3,000 participants were non-Black,[23] and one may assume that the bulk of the Blacks who attended were from SACTU. There was no debate, and the Charter was "approved" by acclamation. Moreover, when in April 1956, the document was submitted for ratification by the ANC as an official document, the Charter's supporters ensured its ratification by packing the meeting hall with non-ANC members, who were allowed to vote. As a participant described matters:

> *The check on members was only done during the Sunday afternoon session. The Charter had been adopted on Saturday evening. Everybody present in the hall participated in the voting. It was impossible to distinguish members from non-members of the African National Congress.*[24]

With the formation of the Congress Alliance and the tactics used for the drafting, adoption, and ratification of the Freedom Charter, the ANC permanently lost its political innocence. It in effect adopted the ideas and tactics of its members from the former CPSA. This process, which was consummated in the period 1953-56 and clearly—at least in retrospect—was part of a carefully planned strategy on the part of the CPSA remnants, alienated many of the young Black nationalists in the ANC ranks, most of whom left in 1959 to found the Pan Africanist Congress (PAC).

The banning of the ANC itself in 1960 only helped to consolidate the transformation of the organization. While retaining its venerable name, the ANC had for all practical purposes become, and remains to this day, a Leninist organization in its internal structure, a Marxist one in its political goals, and an ally of the USSR in its geopolitical aims. Let us now examine each of these attributes in more current detail.

The Structure of the ANC

The ANC today comprises three components: (1) a sophisticated system of successive concentric layers of legal fronts and/or sympathetic organizations and a separate, independent and highly compartmentalized, if small, MK infrastructure inside South Africa; (2) a tightly-knit external organization, based in Lusaka, Zambia, which reflects in its composition the overlapping of the SACP and the Congress Alliance of the mid-1950's; and (3) the MK, the overwhelming majority of which is based in Angolan camps, with small numbers of operatives within South Africa. Although the putative apex of all these elements is the National Conference, in fact, the apex is the National Executive Committee with its 30 members, and, above it, the Revolutionary Council (since its 1983 "disbandment" known as the politico-military committee).[25] The NEC and Revolutionary Council constitute a largely self-perpetuating group within the ANC with exclusive decision-making power.

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[21] See Campbell, op. cit., p. 47. This is in line with the general treatment of Luthuli by his ANC "subordinates"—Moses Kotane actually only informed Luthuli at the last moment that the latter was also supposed to go to Bandung on the ANC delegation to the Afro-Asian Conference of April 1955. Ngubane, op. cit., p. 164. The banning of Luthuli was applied and lifted sporadically throughout the last 15 years of his life.

[22] For a text of the Freedom Charter, see Aquino de Bragança and Immanuel Wallerstein, Eds., *The African Liberation Reader*, London, Zed Press, 1982, Vol. 2, pp. 81-84.

[23] Gibson, op. cit., p. 53. According to this account, Dr. Wilson Conco, Luthuli's deputy in the ANC, presided over the Kliptown meeting where the ANC ratified the Charter, but afterwards he admitted that he had first seen the document only at the meeting; in addition, Luthuli never knew who drafted it.

[24] Peter Tsele, in *Bantu World*, Apr. 28, 1956, cited in Edward Feit, *South Africa, the Dynamics of the African National Congress*, London, Oxford University Press, 1962, p. 17.

[25] Alfred Nzo has characterized the Revolutionary Council as "the helm of the politico-military wing of our movement"; not coincidentally, Dadoo (whose nickname among friends was Mota) was vice-chairman of that

African National Congress (ANC) leader Oliver Tambo (left) and South African Communist Party leader and long-time ANC activist Joe Slovo pictured on October 29, 1986, in Maputo at the funeral of Mozambican President Samora Machel.

—Reuters Bettmann Newsphotos.

The National Conference has been convened only three times since the banning of the ANC in 1960—at Lobatse, Botswana, in 1962; at Morogoro, Tanzania, in 1969; and at Kabwe, Zambia, in 1985. An SACP account of the Morogoro gathering sheds particularly clear light on the authoritarian nature of ANC decision-making. At that conference, the non-African members admitted to the ANC at the time were appointed by the ANC executive and were "neither singly nor collectively consulted on the composition of the new executive." Indeed, the NEC had previously mandated acting President-General Tambo, "assisted" by SACP stalwarts Kotane and Marks, to reconstitute the executive (selections that were ratified pro forma by the conference).[26]

By the time of the Kabwe conference, rank-and-file dissatisfaction with the secretive and "democratic centralist" authoritarian nature of ANC decision-making forced some modest concessions. It was decided that national conferences should be held at least once every five years.[27] In addition, a slightly more "democratic" face was shown by the naming of a list of 40 candidates to fill the 30 slots on an expanded NEC. Still, all candidates were hand-picked by the NEC, and the voting procedure was equally telling: delegates voted by blocs rather than individually. These blocs included groups that had been part of the Congress Alliance (SAIC, SACTU, CPC, SACP, COD), the MK, the ANCYL, the Angola-based party school (under MK leadership); the

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body from the start until his death in 1983. See Alfred Nzo, "Mota Our Example," speech on the occasion of Dadoo's 70th birthday, in *Sechaba*, November 1979, p. 17.

The Revolutionary Council was "dismantled" as a show of democratization, but the decision was taken without the formality of a National Conference, which had not been held for 14 years.

[26] "The Enemy Hidden under the Same Colour," p. 30.

[27] Tom Lodge, "The African National Congress: Kabwe and After," The South African Institute of International Affairs, *International Affairs Bulletin* (Braamfontein), No. 2, 1986, p. 8.

Angola-based training camps (also under the MK); the Lusaka headquarters officials; the women's league; and representatives of the South African domestic front—presumably the United Democratic Front (see below).[28] The built-in advantage for SACP-controlled groups is evident.

The NEC, the Revolutionary Council (or successor politico-military commission), and the command-and-control hierarchy of the MK all constitute the decision-making structure of the ANC External Mission, headquartered in Lusaka. The leaders in Lusaka consist of persons who have lived outside South Africa since at least 1977, many of them since the early 1960's. Actual decisions are taken by a restricted, largely self-perpetuating group within the NEC, which includes two types of leaders: chiefs of major departments and the largely autonomous MK leadership.

The NEC has a number of subordinate departments, which vary in importance according to their role as well as to their leader's overall standing within the ANC leadership. Johnny Makhatini, officially the head of the International Department, is probably less influential than Francis Meli, the editor of *Sechaba*, at least in part because the former is a Zulu within an organization whose Black leaders are now overwhelmingly Xhosa.[29] The head of the Information and Propaganda Department, Thabo Mbeki, some of whose duties overlap with those of Makhatini's, is far more influential—both because of the natural importance of his task for an exile organization and because of his personal charisma and the appeal of his name (his father, an old SACP hand, has shared the same prisons with Nelson Mandela since the early 1960's). The heads of the Administration (Simon Makana), Education (Henry Makgothi), Research (Dr. Pallo Jordan), Youth (Joe Nhlanhla), and Women (Gertrude Shope) departments enjoy various degrees of influence largely due to their personal ties with top leaders like Tambo, Nzo, Modise, and Maharaj, rather than as a result of their function. A very important (and misleadingly labelled) "department" is that of Internal Reconstruction and Development, led by Maharaj. This department is in fact the internal intelligence and counter-intelligence body of the ANC, tasked with preventing infiltration and enforcing internal discipline and control over the rank and file. Equally important, Maharaj is also responsible for control over and coordination with legal ANC fronts inside South Africa, such as the United Democratic Front (see below).[30]

Although the Congress Alliance rubric disappeared in the 1960's,[31] the ANC remains an umbrella organization under which the Alliance's former "components" are still quite influential. The ANCYL is a department, and leaders of the CPC, SAIC, SACP, and SACTU remain prominent under various guises, particularly within the MK. September is in charge of internal discipline and counter-intelligence of the MK. Slovo of the SACP was (until 1987) MK chief of staff and responsible for its urban operations. SACTU's John Nkadimeng and Dhlamini maintain links with the legal trade unions inside South Africa, and the CPC's James Stuart appears to be the MK's ideological chief. Joe Modise, a former colleague of Mandela in the ANCYL, is commander of the MK and in direct charge of its rural operations, while Chris Hani, a "veteran" of the 1976 Soweto riots, is the political commissar. Hani, Modise, Slovo, Maharaj (and possibly Stuart), as well as Tambo, Nzo, and possibly a few others form the politico-military commission linking the ANC and the MK under the strictly nominal chairmanship of Tambo.[32]

ANC Activities Abroad

The vital activities of the ANC take place mostly outside of South Africa. They include propaganda/diplomacy, fundraising, and military and cadres training. The most prominent individual player in these activities is ANC President Oliver Tambo, a tireless world traveler. Tambo works both to isolate the Pretoria government in world opinion and to delegitimate the ANC's anti-apartheid rivals within South Africa, such as Chief Mangosuthu Gatcha Buthelezi's Inkatha movement among the Zulus, Bishop Isaac Mokoena's United Christian Conciliation Party, liberal white opposition groups, and independent Indian and Colored organizations. The ANC attitude toward the Pan African Congress is rather ambiguous. From time to time, some ANC leaders attack the PAC for its racist outlook, but as a rule, the ANC does not even mention its rival; on occasion—outside of South Africa—the ANC offers the PAC cooperation and

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[28] *Africa Confidential* (London), Dec. 10, 1986, p. 2.

[29] Young and educated Xhosas have largely replaced the older, often Zulu leaders of the ANC. Rapid industrialization since the 1950's brought far larger numbers of Xhosas than Zulus to the urban areas, which are the major areas of support for the ANC. The development and growth of Inkatha during the 1970's provided most Zulus with an alternative to the ANC and further reduced the role of Zulus in it.

[30] On the ANC departments and leaders, see, e.g., "South Africa: The ANC," in *Africa Confidential*, Dec. 10, 1986, pp. 1–4; and *Talking with the ANC*.

[31] The Congress became practically defunct when its major component, the ANC, was banned in 1960.

[32] See fn. 30 supra. That the (Black) Tambo is not altogether master of his own house was suggested by Modise's call for anti-white attacks at the very time that Tambo was in the United States. See *The Sunday Mail* (Harare), June 22, 1986.

At left, African National Congress President Oliver Tambo with US Black leader Jesse Jackson in London on November 3, 1985, for a march sponsored by the British Anti-Apartheid Movement seeking full sanctions against South Africa for failure to grant independence to Namibia and dismantle apartheid; at right, Tambo with Soviet Communist Party leader Mikhail Gorbachev in Moscow on November 4, 1986.

—Magnum and TASS from Sovfoto.

fair competition for the allegiance of the people of South Africa. Inside the country, however, the competition between the fronts and their sympathizers is fierce, public, and occasionally violent.

The main centers of the ANC's propaganda/diplomatic efforts are London, New York, Moscow, East Berlin, Lusaka, and New Delhi. The oldest and most active of these is the London mission, set up following the banning of the CPSA in 1950 and greatly strengthened after the outlawing of the ANC itself in April 1960. Both *Sechaba* and *The African Communist* were initially published there (although they are now printed in East Berlin), and the London office has also been an important conduit for funds from Western sympathizers. Members of this office have become members of the NEC—most notably former office chiefs Aziz Pahad and Reginald September. It is interesting to note that from the outset, the majority of the staff has been non-Black.[33]

The ANC offices in New Delhi have usually been led by a member of SAIC, and have traditionally served as a link with the Non-Aligned Movement. Most of the ANC activities in the United States are undertaken at the United Nations or at least under the nominal leadership of the organization's mission there, formally led by Johnny Makhatini's office. ANC leaders and spokesmen have been free to travel in the US and even to use US platforms to advocate the murder of political rivals back in South Africa.[34]

The ANC and its auxiliary organizations maintain open ties with the Communist Party of the Soviet Union and with its major party or front organizations—*The World Marxist Review*, the World Federation of Trade Unions, the World Peace Congress, the Women's International Democratic Federation, the World Federation of Democratic Youth, the Afro-Asian Peoples' Solidarity Organization, the International Union of Students, the International Organization of Journalists, and the International Association of Democratic Lawyers. Most members of the NEC are also members of at least one of these Soviet international front organizations.

Links with the Soviet bloc ensure ANC funding, military supplies, training, and world-wide propaganda resources. The importance of these ANC-Soviet ties was highlighted recently by Tambo when he stated that the Soviet-bloc countries:

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[33] This reflects the overwhelming preponderance of non-Blacks among former South Africans living in the United Kingdom. Moreover, the SACP has long had intimate ties with the British and the Irish communist parties. E.g., Francis X. Clines, in "Communists Claim Comradeship with Rebels," *The New York Times*, Aug. 1, 1986, mentions the joint participation of the SACP's Slovo; Gordon McLennan, General Secretary of the Communist Party Great Britain; and James Stewart, General Secretary of the Communist Party of Ireland at the SACP's 65th anniversary.

Among the essential players in establishment of the London office of the ANC were Maharaj, himself a former member and leader of the British party, and September.

[34] Appearing on a California campus on October 10, 1985, ANC spokesman Aloei Moloi, speaking about "collaborators" with the movement's enemies, stated: "You have to eliminate one to save hundreds. . . ." At the same gathering ANC spokesman Tim Ngubane stated: "We want to make the death of a collaborator so grotesque that people will never think of it [i.e., being one]." See Campbell, op. cit., p. 35.

*have shown themselves to be allies we can always rely upon, a **secure rear base** without which our struggle would be even more difficult and protracted . . . . As a movement, we need to . . . protect our friendship and cooperation with the socialist community of nations very jealously.*[35]

Practical coöperation between countries of the Soviet bloc and the ANC started in the mid-1950's and took on a new character just prior to the formation of Umkhonto we Siswe in December 1961. Already in the early 1960's, MK cadres were undergoing training under Cuban supervision in Algeria and later in Tanzania. A significant portion of the NEC received military training in the Soviet Union.[36] Weapons deployed by or captured from the MK in South Africa are uniformly Soviet-made—from grenades, to limpet mines, to rifles. They come via Angola, Mozambique, and Zambia, while all major training camps for ordinary MK cadres are located in Angola.[37]

The enormous costs of the massive ANC propaganda campaign throughout the world, although covered by considerable funds from sources in Scandinavia and elsewhere in the West are presumably also covered by substantial Soviet funds flowing to the ANC through its ties with international communist fronts. These fronts promote the ANC's cause in their slogans and campaigns.

Domestic Activities

Although the ANC is still infinitely more effective abroad than in South Africa, it has found somewhat more room for its internal activities during recent years, particularly as a result of changes in the political atmosphere and relaxation of apartheid legislation. This favorable setting, however, disappeared with the more rigid government attitudes that brought the June 12, 1986, declaration of a state of emergency. The ANC activity now consists of recruitment for and the conduct of terrorist operations by the MK, and various political operations through a variety of legal fronts.

MK activities. The Umkhonto we Siswe organization, despite being officially active for almost three decades, is still ineffective and numerically small. Its two operational branches, rural and urban, are both deeply infiltrated by the South African police and intelligence (as, apparently, is the ANC political structure abroad). This was most recently demonstrated on July 9, 1987, when NEC member Cassius Make was tracked down and killed in Swaziland, apparently by South African agents, as a result of information provided by a middle-level ANC cadre who was actually a police agent.[38]

According to South African police sources, the MK is structured into three separate functional branches: suppliers of materiel, who infiltrate the country and establish ammunition, weapons, and explosives caches; middlemen, who supervise the transfer of supplies to the actual operatives; and the operatives, who tend to concentrate in urban areas. The first group is clearly the most effective, as demonstrated by the capture by the authorities of large caches, some in the immediate vicinity of Johannesburg. One such cache, including 880 pounds of explosives, was captured in that area in the spring of 1986.[39] The operations section of the MK is by far the weakest, as has been demonstrated by the high frequency of police penetration of the section, police captures of members, self-inflicted casualties, and generally inept selection of targets.

Almost without exception, MK weapons are of Soviet-bloc origin. The consistent use of Soviet-made limpet mines for urban terrorist bombings is identical to practices of the Southwest African People's Organization (SWAPO) in Namibia, pointing toward identical sources of supplies, places of training, and mentality.

The majority of rank-and-file MK cadres are young Blacks from the townships around the Johannesburg-Pretoria-Vereeniging "Vaal Triangle," Port Elisabeth, and Capetown. Unemployed and unskilled, these youths are often lured by promises of education abroad into leaving South Africa, most often via Botswana. In most instances, they are sent to training camps in Tanzania and, particularly, Angola: the largest ANC camp is located at Viana, Angola. The total MK membership is difficult to assess—figures range from a high of 8,000-10,000 cadres abroad and 1,000 inside South Africa,[40] to this author's more conservative estimate of less than half that number, with no more than 300-400 cadres inside the country.[41]

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[35] Oliver Tambo, "Storm over South Africa," *World Marxist Review* (Toronto), January 1986, p. 67, emphasis added.

[36] Campbell, op. cit., p. 49. That author cites Stuart, Cassius Make, Mzwandile Piliso, Hani, Maharaj, and Francis Meli as those thus trained. It is difficult to imagine that ex-MK Chief of Staff Slovo also had not been so trained. Odessa and Perebelnaya are most frequently reported as training locations.

[37] See eyewitness testimonies of Daphne Kave, Jeffrey Boego, and Ephraim Mfalapitsa, in *Hearings*, Vol. 1, pp. 350-87, 454-529.

[38] Foreign Broadcast Information Service, *Daily Report: Africa (Sub-Saharan)* (Washington, DC—hereafter *FBIS-AFR*), July 7, 1987, p. D/3; ibid., July 21, 1987, p. D/1.

[39] *The Wall Street Journal* (New York), May 21, 1986.

[40] *Africa Confidential*, Dec. 10, 1986, p. 1.

[41] An assessment based upon listings of casualties, numbers of incidents, and weapons captured, and well as information conveyed to the author in private.

There is little evidence that the dramatic increase in violence in the townships beginning in 1984, which brought on the imposition of a state of emergency in June 1986, was initiated by the MK and even less that it was led by it; on the contrary, all indications are that "necklacing" and burning of houses, although encouraged and condoned by the ANC, its internal fronts and fellow travelers, and the MK, were largely the result of spontaneous, uncoordinated rage by roving gangs of youths—the "comrades." On the other hand, the ANC and MK have not been averse to boasting of the leading role of radicals within South Africa, especially in the townships. The MK has engaged in a variety of actions including bombings and executions of political foes, but in the process has suffered increasing casualties. It has not yet posed a significant threat to the government.[42]

Fronts and infiltration. The most important successes of the ANC within South Africa have come through the operation of legal fronts and infiltration of other existing legal institutions. In fact, the renewed ability of the ANC in the mid-1980's to use legal fronts within South Africa may be the most important development in the history of the organization since the founding of the MK in 1961.

The key legal front organization for the ANC has been the United Democratic Front (UDF), established in Johannesburg on January 1983. It is formally co-chaired by Albertina Sisulu (Walter's wife), and "former" ANC leader Archie Gumede. Among the other members of the UDF Executive Committee are Publicity Secretary "Terror" Lekota, National Treasurer Azhar Cachalia, and General Secretary Popo Molefe. The organization claims to be independent of the outlawed ANC,[43] a claim that the South African government did not explicitly contest until recently (see below).

The impetus for the formation of the UDF was opposition to President P. W. Botha's new Constitution, which established a tricameral parliament with segregated houses for whites, Indians, and Coloreds—and nothing for Blacks. The fact that the constitutional changes also resulted in a significant lessening of government restrictions on Black organizations, a result of years of reforms and domestic relaxation of political tensions, played a significant role in allowing the UDF to exist and expand.

Azhar Cachalia (left) and Albertina Sisulu, leaders of the United Democratic Front (UDF), hold a press conference on October 9, 1986, in Johannesburg announcing plans to fight in the courts a government order blocking access of the UDF to foreign funds.

—Reuters/Bettmann Newsphotos.

The UDF claims to represent a loose unity of some 700–800 individual groups. Originally, many of these groups were formed to press local demands, such as improvement in education and housing, but gradually the UDF came to unite these groups in opposition to apartheid.[44] Many of the groups have overlapping membership; some have only a handful of supporters. Among the UDF's most prominent supporters are some of the religious leaders of South Africa, including Anglican bishop Desmond Tutu (Black); Allan Boesak (Colored), president of the World Alliance of Reform Churches and one of the initiators of the UDF; and Afrikaner clergyman Beyers Naude.

Domestic financial support is quite weak, as was revealed after the government's October 1986 decision to declare the UDF an "affected organization"—i.e., to forbid it to receive funds from abroad. This was a severe blow, for as Cachalia himself admitted, over half of the UDF funds came from abroad, mostly from ANC supporters in Scandinavia, Western Europe, and the United States.[45] In recent months, the UDF has been further weakened by the detention and police interrogation of a

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[42] For a summary and evaluation of MK actions in recent years, see Steven Mufson, "The War for South Africa," *The Washington Post*, Dec. 14, 1986, pp. H/1-2.

[43] It is impossible to verify the claim of Gumede and other UDF leaders that they have left the ANC, particularly since nothing in their statements or attitudes indicates any ideological change on their part.

Oliver Tambo has referred to the UDF in glowing terms: ". . . the ANC was pleased, to say the least, when the United Democratic Front was formed in South Africa. The UDF, that outstanding example of the political maturity of our people, is a product of the years that our country's forces of progress have spent . . . ." See "Storm over Africa," loc. cit., p. 88.

[44] Steven Mufson, "End of the Beginning in South Africa. The Fall of the Front," *The New Republic* (Washington, DC), Mar. 23, 1987, pp. 17-19.

[45] *Africa Confidential*, Jan. 21, 1987, p. 5.

UDF
FORWARD
PEOPLE POWER

A banner of the United Democratic Front, declaring "People Power" is seen at a February 19, 1986, demonstration in Attidgeville on the occasion of the funeral of a victim of an anti-government riot in that Black township.

—Reuters/Bettmann Newsphotos

large portion of its leadership.[46]

The UDF openly supports the Freedom Charter and campaigns for the legalization of the ANC and the release of Nelson Mandela.[47] UDF members have been implicated in the "necklacing" of supporters of anti-ANC organizations such as Inkatha and AZAPO and in attempts to discredit or intimidate the leaders of the newly founded United Christian Conciliation Party. Although some elements of the UDF, particularly its "street committees," which the ANC sees as an important part of its "people's war" strategy, continue to operate in the townships, attempts by the organization to intimidate the Lebowa homeland authorities into making Lebowa become an ANC outpost failed. The "street committees," originally intended to initiate the establishment of "liberated areas," seem to be collapsing even in townships like Alexandra (located between Pretoria and Johannesburg). New housing is being built, parents are again insisting on sending their children to school, and police are back on the streets. AZAPO, Inkatha, and local vigilante groups of moderate Blacks have all begun to resist UDF-sponsored intimidation and violence openly and forcefully.[48]

Indians figure prominently in the UDF, despite the front's claim to be a multiracial organization. This is reportedly resented by some Black members; radical white supporters of the organization retain their own autonomy within the Johannesburg Democratic Action Committee.[49] The UDF's present evolution appears to reflect the mid-1950's developments within the ANC itself, with a few better-organized, better-trained, and politically astute non-Black members playing a disproportionately large role, at least behind the scenes (e.g., Maharaj is the member of the ANC's National Executive Committee charged with coordinating front organizations inside South Africa). Even more than in the 1950's, domestic legal, semi-legal, and underground activities are a more natural domain for non-Blacks, who enjoy greater freedom of movement and access to liberal or "progressive" political and religious circles. This has favored Slovo's urban MK operations, with their mixed racial staffing, as compared with Modise's predominantly Black rural activities. However, the abolition of influx control legislation in 1985 may facilitate the movement of Blacks into positions of greater influence in UDF and MK operations.

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[46] Lekota and Molefe have both been arrested and stand accused of treason. Cachalia is now the acting UDF leader, together with Albertina Sisulu. The replacements for Molefe and Lekota—Mohammed Valli and Murphy Morobe respectively—were themselves arrested in July, prompting Cachalia to admit that "This is a very severe blow . . . The rest of the officials of the [United Democratic] Front are either in detention or hiding to evade detention." See *FBIS-AFR*, July 23, 1987, p. D-3.

[47] Zwelakhe Sisulu, Walter Sisulu's son, a committed Marxist trained as a journalist in the United States and an active UDF leader acknowledges that "rightly or wrongly, the UDF is seen as being in alliance with the ANC," and recognizes that "identification" with the Freedom Charter and Nelson Mandela is identification with the ANC. See interview in *Leadership* (Pretoria), No. 4, 1986, p. 88. The presence of Archie Gumede at the March 1986 funeral of Moses Mabhida (late president of the SACP and a long-standing member of the ANC's National Executive Committee) in Maputo symbolizes such identification. See The Economist *Foreign Report* (London), July 31, 1986, p. 6.

[48] For a sympathetic but accurate description of the decline of the UDF and loss of support because of its use of violence, see Mufson, "The Fall of the Front."

The second most important legal organization through which the ANC maintains a presence—albeit less direct and explicit—in South Africa are certain unions, particularly members of the Congress of South African Trade Unions (COSATU). The word "presence" here is important, for many COSATU leaders are not formally associated with the ANC as members, and COSATU retains functional autonomy from the ANC in practice as well as ideology. However, since the ANC and SACP accept the virtual demise of SACTU, they have looked to COSATU as the "progressive" voice of politicized labor.[50] COSATU is openly and vocally anticapitalist, Marxist, and pro-ANC, and is prepared to use its industrial muscle for strictly political purposes. Leaders of COSATU made a highly publicized visit to ANC headquarters in Lusaka in 1986 to demonstrate that the unions were not subservient to the political wishes of the powers that be inside South Africa.

In July 1987, COSATU held a national convention at the University of Witwatersrand in downtown Johannesburg, where the group unanimously endorsed the Freedom Charter and called for closer ties with the UDF.[51] COSATU President Elijah Barayi stated: "There can be no freedom in this country unless the African National Congress is involved." UDF Publicity Secretary Murphy Morobe, sought by the police since the imposition of a state of emergency on June 12, 1986, told the conventioneers that the trade unions had become the most powerful antiapartheid force in South Africa.[52]

The nature and goals of COSATU are best defined by the congress's resolutions, adopted on July 17, 1987. Besides subscribing to the ANC's "Freedom Charter," it approved resolutions including: "A decision to forge links with worker organizations in Africa, Nicaragua, El Salvador, the Philippines, Angola, and Mozambique." The justification was that, in the words of Jay Naidoo, COSATU's newly reelected general secretary, "Workers throughout the world are victims of US-government-sponsored terrorism . . . in this country we are also victims of that kind of imperialism."[53] Barayi, reelected president of COSATU, stated: "We demand the right to share the wealth we produce . . . . We don't want all of it, only 50 percent. The rest we will take later."[54]

Unlike SACTU, COSATU is a non-white organization. It has personal and ideological ties to the ANC and shares similar aims and interests at least in the short term. Former SACTU bosses and SACP members Dhlamini and Nkadimeng appear to be the members of the ANC's NEC in charge of relations with this labor group.

ANC Ideology

Throughout the debate over the nature of the apartheid regime in Pretoria, or even over the "number of communists" in the ANC, there has been little scrutiny of the latter's ideology. One thing is certain: the ANC is emphatically not anti-communist. When Ambrose and Tennyson Makiwane were expelled from the ANC in 1975, together with six others, the NEC labelled them as "a clique based on the slogans of racialism, anti-ANC and anti-Communist."[55] It is ironical how the ANC's attempt to provide a multiracial image of itself has turned to the

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[49] *Africa Confidential*, Jan. 21, 1987, p. 7.

[50] Joe Slovo has stated, "We are at one with Jay Naidoo, General Secretary of COSATU, when he said: 'Organized workers (in the trade union movement) are not representative of the working class as a whole, but they constitute its most powerful weapon.' The representative of the working class as a whole is a *political vanguard* which we claim to be." This seems to be tacit acknowledgement that the attitudes and aims of COSATU are compatible with the Leninist interpretations embodied by the SACP and its front, SACTU. See Slovo, "South Africa: In the Frontline of National Liberation Struggle," in *Information Bulletin* (London), November 1986, p. 19.

[51] *The Wall Street Journal*, July 22, 1987.

[52] See William Claiborne, "Union Chief Vows End to Apartheid," *The Washington Post*, July 16, 1987.

[53] *FBIS-AFR*, July 20, 1987, p. D/6.

[54] *Time* (New York), July 27, 1987, p. 49.

[55] See *Sechaba*, 2nd Quarter 1976, p. 41. At least two prominent ANC defectors who protested against SACP influence in the Congress were murdered in South Africa. Tennyson Makiwane was murdered five years after his 1975 expulsion (see Kaye, loc. cit., p. 388), and Bartholomew Hlapane, a former member of the SACP Central Committee and star witness of the US Senate hearings, was killed with most of his family in Soweto in December 1982 (see *Congressional Record* [Washington, DC], Proceedings and Debates of the 97th Congress, Second Session, Dec. 21, 1982, p. 154, and *The Sunday Times* [Johannesburg], Dec. 19, 1982, p. 3).

General Secretary of the Congress of South African Trade Unions Jay Naidoo (second from right) at a February 4, 1987, press conference announcing plans to support workers engaged in the country's longest retail trade strike.

—Reuters/Bettmann Newsphotos.

advantage of the SACP members in its ranks, most of whom are non-Black: to object to the communist influence is to automatically make oneself vulnerable to accusations of "racialism."[56]

The ANC has come to advocate a multiracial, democratic South Africa governed by the principle of "One man, one vote, majority rule." This tended to distinguish it from its Black "nationalist" rivals, such as the PAC and various ANC dissident factions (Lawrence Makhubu's in the 1960's, and the Makiwanes' in the following decade),[57] and may also have reflected the large non-Black composition of ANC leadership.[58] As the Freedom Charter put it, ". . . South Africa belongs to all who live in it, black and white. . . ."[59] To be sure, at his trial in 1964, Mandela saw as a "vital distinction" between the ANC and the SACP the former's policy of admitting only Africans (i.e., Blacks) and its commitment to "win unity and full political rights for them" contrasting with the SACP's "main goal . . . to remove the capitalists and to replace them with a working-class government."[60] But, five years later, with Mandela still de jure president and Tambo acting president, the differences had basically disappeared; the ANC in exile showed a much more clear Marxist-Leninist approach in stating that its struggle, while still "national," was taking place:

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[56] Even to object to Soviet policies was often interpreted as "racialism" - as early as the late 1960's. See Omar Banjee, Amin Cajee, Hoosain Jacobs, and Maurice Mthombeni, "Why We Left Umkhonto we Sizwe," quoted in Gibson, op. cit., p. 71.

[57] PAC's position is explicit: to it, "Azania" is made up of two distinct nations: ". . . one, an indigenous African nation and the other, an illegal white settler regime parasitically imposed on it." See *Azania News* (Dar es-Salaam, the official organ of PAC), April 1984, p. 13.

[58] According to ibid., p. 8, CPSA leader Rebecca Bunting, wife of party founder Sidney Bunting, went so far as to ask the Comintern about guarantees for minorities (i.e., whites) in the event a Black republic were to be established in South Africa.

[59] See Charter text, loc. cit.

[60] See Mandela, "I Am Not a Communist," in de Braganca and Wallerstein, op. cit., p. 92.

Even in Mandela's days, the ANC bent its rules against admitting non-Blacks. An example was J. B. Marks, an old Comintern hand, a Colored, and a prominent figure in the CPSA-SACP. On the career of Marks, see Milorad Drachkovitch, *Biographical Dictionary of the Comintern*, Stanford, CA, The Hoover Institution Press, 1986, pp. 303-04.

> *in a new kind of world—a world which is no longer monopolized by the imperialist world system; a world in which the existence of the powerful socialist system has altered the balance of forces; a world in which the horizons liberated from foreign oppression extend beyond mere formal political control and encompass the element which makes such control meaningful—economic emancipation.* ***In the last resort it is only the success of the national democratic revolution which—by destroying the existing social and economic relationships—will bring with it a correction of the historical injustices perpetrated against the indigenous majority and thus lay the basis for a new—and deeper internationalist—approach.***[61]

Not only was Mandela's declared belief in Western democracy gone, but it had clearly been replaced with the traditional Soviet-style strategy of a two-stage revolution—"a national democratic" one, to be followed by a "socialist" one. The language of the ANC and SACP have come quite close to one another on this issue. Where the SACP's late leader Moses Mabhida quoted Lenin to the effect that "the national liberation movement is a necessary ally of the proletarian revolution,"[62] a recent statement by the ANC reads:

> *The national revolution . . . is the special province of the oppressed nationalities; the socialist revolution takes the form of class struggle led by the working class of all national groups. The two revolutions co-exist . . . . They interact. . . . They are as closely knit as Siamese twins. To separate them would need a surgical operation which might kill or cripple both.*[63]

With such a unity of views, it is fruitless even to be concerned about whether personal ties link the ANC and the SACP.

By 1969, it was clear from a pamphlet prepared for the Morogoro conference that the rather vague language of the Freedom Charter on economic matters had come to mean the total destruction of capitalism, even of small private property.[64] Attacks against "big" companies indicate hostility toward private property; indeed, the rhetoric of the ANC, SACP, and COSATU sounds similar to that of the pre-1979 Sandinistas, the pre-1975 FRELIMO (Front for the Liberation of Mozambique), or the Movement for the Popular Liberation of Angola (MPLA), and many other Marxist-Leninist revolutionary groups throughout the world. Moreover, the largest "company" by far in South Africa is the government itself. Control over it would mean control over 865,385 people directly employed, as well as 163,195 employees of non-independent homelands,[65] and their families. The known ANC admiration for FRELIMO, Robert Mugabe's regime in Zimbabwe, and the MPLA in Angola, suggests what the Freedom Charter's proposed "mixed economic system" would look like. Furthermore, the main ideologue of the ANC, Pallo Jordan, considers free-market economics "a hodge-podge of classical bourgeois economic theory and latter-day Japanese managerial practice" which he sees as "associated with the Thatcherite-Reaganite right wing in English-speaking Western countries."[66]

Moreover, the rejection in the same 1969 pamphlet of the notion that "our nationalism (should) be confused

1985 Nobel Peace Prize winner Archbishop Desmond Tutu pictured during a visit to African National Congress Leader Oliver Tambo in Lusaka on March 22, 1987, during which Tutu urged the ANC to consider renouncing violence in South Africa.

—[illegible]

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[61] "Who Are the Liberation Forces?" pamphlet published around the time of the ANC's 1969 Morogoro conference. Text in de Braganca and Wallerstein, op. cit., p. 85 (emphasis in original).

[62] In *African Communist*, No. 87, 1981, p. 16.

[63] *Sechaba*, June 1986, p. 8.

[64] See "Who Are the Liberation Forces?"

[65] *The Citizen* (Johannesburg), July 3, 1987.

[66] *The Weekly Mail* (Johannesburg), July 17–23, 1987. Jordan also expressed amusement at the naiveté manifested by the Afrikaner liberals who met with the ANC in Dakar the same month when they opined "You guys [the ANC] are far too smart to nationalize everything in the post-apartheid era."

with chauvinism or narrow nationalism of a previous epoch" was a direct attack against the PAC, a veiled one against Mandela's "ANC for blacks" idea, and a natural theoretical basis for the decision that very year to admit non-Blacks into ANC membership. Thus, by the time of the Morogoro conference, the ANC had practically ceased to be a "Black nationalist" organization and had openly sworn allegiance to "internationalism" in the Leninist sense of class alliance across national boundaries.[67] It is in this context that ANC Secretary General Alfred Nzo states: " . . . the (ANC) and the oppressed and exploited peoples of South Africa are an important detachment, a vital and integral part of the anti-imperialist movement . . . ."[68]

Such internationalism entails not only "solidarity," i.e., support for all Soviet-aided groups throughout the world, but also consistent attacks against actions of the United States. On topics ranging from El Salvador and Nicaragua to the invasions of Czechoslovakia in 1968 and Afghanistan in 1979, from demilitarization of the Indian Ocean to the issue of intermediate-range nuclear weapons in Europe, the ANC has been as consistently loyal to Moscow's policy line as any Warsaw Pact regime. The ANC condemned US "aggression" in Korea in the early 1950's, and praised the Stalinist policies of the 1930's; moreover, it took Moscow's side in the Sino-Soviet dispute.[69]

The ANC has been transformed into a Marxist-Leninist organization in which SACP members fit naturally. This is probably the best interpretation of Oliver Tambo's 1981 characterization of relations between the two:

> *The relationship with the SACP is not an accident of history—the SACP has been an integral part of the struggle of the African people . . . . Ours is not merely a paper alliance . . . it is a living organism that has grown out of the struggle.*[70]

Given the rare "positive alignment between the forces of class struggle and national liberation" pointed out by the late SACP Secretary General Moses Mabhida,[71] distinctions between SACP and non-SACP members in the ANC's leadership become largely meaningless.[72]

Conclusion

While claiming to be a "national liberation movement" like the Zimbabwe African National Union and Zimbabwe African People's Union in Zimbabwe, the National Liberation Front (FLN) in Algeria, or the Popular Movement for the Liberation of Angola, the African National Congress is actually a revolutionary movement directed against an independent and sovereign government.

The evolution of the ANC has been unique. Launched as a "nationalist" movement aimed at the political liberation of Blacks and the forging of a national consciousness out of the disparate ethnic allegiances of South Africa's majority race, the ANC remained until the 1950's a largely semi-nationalist organization, enjoying an ethnically homogeneous membership and clear political goals. This is the ANC that is still supported by significant numbers of Blacks in South Africa, by many African countries, and by non-radical Western sympathizers. It is also an organization that no longer exists.

The recent excitement about alleged SACP "control" over the ANC is a sterile exercise. The crucial point is that the ANC itself has become a Marxist-Leninist organization. Communist penetration of the ANC proper is six decades old, and infiltration of the MK has been the case since its creation. Until the mid-1970's, when the last non-Marxists were purged, one could make a reasonable case for the existence of internal tensions within the ANC between Marxists and non-Marxists. Today, the only internal tensions are between the "orthodox"

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[67] The pamphlet "Who Are the Liberation Forces?" used the term "internationalism."

[68] "Our Anti-imperialist Commitment," in *ANC Speaks, Documents and Statements of the African National Congress*, quoted in Campbell, op. cit., p. 27. In his Political Report to the Kabwe Conference, Oliver Tambo claimed that "the democratic, anti-feudal, and anti-imperialist revolution in Afghanistan has been saved with the support of the Soviet Union" (Ibid., p. 28).

[69] Despite having received some help from China, the ANC unflinchingly supported the Soviet position in Moscow's disputes with the Chinese in the early 1960's. The collapse of the short-lived united front between the ANC and the PAC in the early 1960's probably reflected the Sino-Soviet quarrel. See Gibson, op. cit., pp. 58, 74-75. Gibson, himself a radical, notes that "the anti-China line adopted by the ANC was itself motivated from external sources and probably was the counterpart to continuing or increased Soviet material assistance."

[70] *African Communist*, No. 87, 1981, pp. 22-23.

[71] See "Unite under the Leadership of the ANC to End Apartheid! Statement of the South African Communist Party on the State of Emergency," *Information Bulletin*, August 1986, p. 41.

[72] Tambo told *Time* magazine that the ANC is "a body that is not the Communist Party but which has always had CP members since the 1920's. They have always behaved as 100 percent ANC men." See "We Are Nobody's Puppets," interview in *Time* (New York), Oct. 27, 1986, p. 54.

The late Moses Kotane, former SACP secretary general and ANC treasurer general, made similarly implausible claims: "The fact that I am a Communist has never changed or interfered with my representation on behalf of the ANC. When I have been charged with a mission by the ANC National Executive, I have protected and promoted the interests of the ANC . . . . Likewise, when I have been charged with a mission by the Communist Party, I have stuck to the terms of my mandate and defended the interests of the Party. In the formulation of policy I never think of two organizations." From an interview in *Sechaba*, August 1968, reproduced in Braganca and Wallerstein, op. cit., p. 96.

It is difficult to imagine that a long-established Leninist party with credentials like those of the SACP would actually allow its presidents, secretaries general, or chairmen to receive orders from and act upon the interests of a "national liberation" movement.

(pro-Moscow) cadres of the SACP and the other "independent" Marxist-Leninists within the NEC. Both share the same general ideological premises and engage in similar practices regarding internal discipline and decision-making. Where they might differ (and the available evidence is insufficient to prove that they do) is over the racial factor in establishing leadership credentials—i.e., whether an ANC-controlled "Azania" should have a Black or a multiracial Marxist-Leninist leadership.

Given this evolution, the distinction made by some observers between "nationalists" and "communists" among the ANC leadership is really meaningless. Neither group seems committed to a true multiracial democracy in South Africa that would include all races in a power-sharing system guaranteeing both minority rights and property rights for all. Such a system is clearly incompatible with ANC rule, a fact that must be weighed in contemplating the movement's role in South Africa's political future.

The actual strength of the ANC inside South Africa, whether in terms of numbers or sympathies, is well nigh impossible to assess with any precision, particularly in light of the fragmented nature of South Africa's population. For instance, a significant sample of Blacks, when asked to express a preference for a leader of the country were divided between Nelson Mandela (9.7 percent), P. W. Botha (7.5 percent), Desmond Tutu (3.2 percent), and Chief Buthelezi (2.4 percent), and others, while 23.2 percent expressed no favorite.[73] Sympathy for Nelson Mandela runs high across ethnic, political, and age lines. Yet P. W. Botha personally and the "system" also receive high and very significant support among Blacks of all ages and religions, including persons in such symbolic places of Black victimization by apartheid as Sharpeville.

Of the Black movements, Inkatha claims at least one million dues-paying members, has a well-structured organization reaching most of the country, and includes at least some token non-Zulu members. Other new parties, mostly Black in constituency, that have been established recently, e.g., Bishop Mokoena's group and the still newer Federal Independent Democratic Alliance (FIDA) led by businessman John Gogotya, may in time coalesce anti-Marxist, middle-class Blacks of non-Zulu origin. Support for the ANC among Coloreds and Indians—except for a few prominent radicals—is probably lower even than among whites. As for the latter, repeated attempts by liberal or "progressive" elements to establish a dialogue with the ANC have found no echo among the whites as a group and have only strengthened opposition to the ANC.

The mostly teenage Blacks in the urban areas who spontaneously used violence in the name of, but not under the control of the ANC, now seem in retreat. What is left, the hard-core ANC support inside South Africa, is mostly a group of educated, often prominent upper and middle-class Blacks, some self-appointed "student leaders" of all races in elite universities like Witwatersrand, and union bosses of the COSATU type. The overwhelming majority of South Africans, and particularly that country's Black citizens, are still waiting for both solutions and leaders.

As things currently stand, the prospects for the ANC's coming to power are exceedingly slim. The struggle for the townships goes on, with more bombings and executions, but the overwhelming power of the South African state seems sufficient to crush the activities of the MK or UDF. Whether the shift of focus in recent months to activism by COSATU and its member unions marks a significant escalation in the political struggle remains to be seen.

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[73] D. J. van Vuuren et al., Eds., *South Africa: A Plural Society in Transition*, Durban, Butterworths, 1985, pp. 346–47.

INTENT
BLA

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CASE

15 October, 1987

NEW FINDINGS ON THE ATTITUDES OF BLACK SOUTH AFRICANS TO SANCTIONS

Economic sanctions, directed to more or less radical political goals, are favoured by a total of two-thirds of all Blacks in South Africa, according to a new nation-wide survey.

A sample of 800 respondents over 16 years of age, drawn in appropriate proportions from metropolitan, small-town, and rural areas, were interviewed face-to-face in August and September. Forty-six percent of them believed that sanctions must be applied until the South African government stops the Emergency, frees political prisoners, unbans political movements and abandons apartheid. This is the "conditional" position.

A further 21% support an even more adamant view, that sanctions must be kept in force "unconditionally", until the government hands over power to the representatives of the majority.

And twenty-six percent oppose sanctions, fearing that economic growth, which is of benefit to all, will be slowed by sanctions. Only 6% were non-committal.

The survey was designed and supervised by sociologist Mark Orkin, a director of the independent Community Agency for Social Enquiry, CASE. The interviews and computation were conducted by Research Surveys (Pty) Ltd, the largest South African owned market-research organisation.

In addition to all ten major metropolitan areas, the sample covered a random selection of rural districts and small towns across the entire country. The so-called "independent states" were also included. The sampling, and aggregation of the results, take account of the size of the populations in the respective regions.

Predictably, the demand for sanctions is strongest in the big cities. There, only 14% oppose sanctions altogether. An overall majority, 52%, favour conditional sanctions; and more than a quarter, 29%, demand unconditional sanctions.

Outside the metropolitan areas, opposition to either variation of sanctions remains a minority, but rises to 30% in the rural areas and 36% in small towns.

Support for sanctions tends to be above average among non-Zulus, frequent readers of a newspaper, and members of political organisations. But supporters are not a socio-economic "élite". There is no appreciable difference in the vote for sanctions between the employed or the unemployed, or between the better-off and the less well-off.

Opinion on whether sanctions will actually work in helping to end apartheid is evenly divided across the nation: 42% no, 41% yes, the rest abstaining. But there are clear majorities who believe in their effectiveness among the most educated, the most politically involved, and the most informed respondents: 52, 55 & 66%

To be able to differentiate among the sanctions positions, the study also tested black support for political tendencies. Nation-wide, 24% support Nelson Mandela or the ANC; 7% the UDF or other pro-sanctions groupings, and 6% Archbishop Tutu. The only opponents of sanctions to receive noteworthy support were Chief Buthelezi and Inkatha at 11%, and P.W Botha or other government figures at 10%. (Sundry other leaders attracted the remaining 4% among them.)

An average of 38% declined to answer this particular question, largely reflecting reticence among less well-informed rural respondents.

Within the metropolitan areas, the figures were: ANC 35%, UDF 13%, Archbishop Tutu 9%, Chief Buthelezi and Inkatha 8%, P.W Botha and government figures 5%, no answer 24%, sundry others 6%.

These metropolitan leadership results display a close continuity with those from the CASE study of disinvestment conducted in metropolitan areas two years ago. The only appreciable changes are that support for the ANC in the cities has risen a few percent, probably partly in response to extensive press coverage of the Dakar talks; while that for Bishop Tutu has fallen a few percent, following his move away from the popular Pretoria-Witwatersrand-Vaal region.

The figures on sanctions are revealing when associated with those on leadership. In the Buthelezi camp, a narrow majority, 51%, oppose sanctions. But the Buthelezi camp accounts for only 8% of the metropolitan vote and 11% of the national total. By contrast, opposition to one or the other sanctions strategy hovers at a mere 8% among the supporters of the ANC, Bishop Tutu, and the UDF and other radical groups. And together these groupings account for 57% of the metropolitan vote and 37% nation-wide. (For those who declined to name their party, the vote on the sanctions options is close to the overall average.)

An important aspect of attitudes to sanctions concerns the potential unemployment implications. Respondents were categorized as "hard-line" if they stood by their sanctions position whatever the unemployment costs; "intermediate" if they were prepared to see some, but not many, blacks unemployed as a result; and cautious if they were reluctant to risk any job losses.

In the national sample, 14% are hard-line, 26% intermediate and 60% cautious.

As one would expect, this variable correlates strongly with affiliation. Among supporters of the ANC, Bishop Tutu and the radical groups alike, the cautious proportion (43%) is substantially smaller than the average, whereas among the Buthelezi and government supporters it is larger (70%). Likewise, regionally, the cautious proportion rises as one moves from city through town to countryside, from 47 through 59 to 66%;

Within the metropolitan region, it seems that opinion on this issue has not softened, despite the experience of the consequences over the last two years. Drawing a comparison in this regard with the previous CASE study on disinvestment, one finds that the levels of support for the hard-line, intermediate and cautious positions on the perceived unemployment implications of economic pressures - then disinvestment, now sanctions - are largely unchanged, at approximately a quarter, a quarter and a half his evidence of grass-roots opinion on unemployment, in conjunction with the decisive support expressed for sanctions as a peaceful strategy for change, reveals a thoughtful interplay among respondents' priorities, between their shared socio-political commitments and their individual economic anxieties.

Taken together, the results illuminate the policy decisions on sanctions of some of the major union federations, black church groupings and popular political tendencies. To pressurize it towards dramatic change, they are calling for for sanctions to be comprehensive rather than partial, and mandatory rather than voluntary, in the hope that in this way sanctions will achieve the greatest possible political impact, while causing unavoidable economic hardship for the shortest possible time.

At the same time, many of them and of their supporters are prepared to make that call conditional, in that if the government does introduce the conditions of meaningful democracy as defined by popular debate and incorporated in the survey question, it would be reasonable for sanctions then to be lifted.

Main question

Some governments overseas are applying sanctions against apartheid. This means that they have prevented the South African government and businessmen from getting loans from overseas, and prevented them from selling and buying goods and products overseas.

People and groups in South Africa have different views about sanctions. There are three main views. We have laid them out on this card.

HAND RESPONDENT CARD 8.

Let us go through them together.

READ OUT

- The first view opposes sanctions. This view says that that everyone benefits when South African economy grows, and that sanctions will slow down economic growth.

  This view is supported by P.W. Botha and the Nationalist Government, by the P.F.P, by businessmen like Harry Oppenheimer, and by homeland leaders like Chief Buthelezi.

- The second view wants conditional sanctions. This view says that sanctions are a peaceful way of pressuring the government until it provides the conditions for democracy, i.e. stops the Emergency, frees political prisoners, unbans political movements, and does away with apartheid. Once the government provides these conditions, sanctions can be stopped.

  This view is supported by Archbishop Tutu, by trade unions in COSATU and NACTU, and by the SA Council of Churches.

- The third view wants unconditional sanctions. This view says that the Nationalist government will never agree to provide the conditions of democracy. So sanctions must be be applied until the government is forced to hand over power to the representatives of the majority of people in South Africa.

  This view is supported by many leaders and members of the ANC, PAC, UDF and AZAPO.

Would you like us to go through the three views again?

REPEAT IF REQUESTED. ASK:

Which one of the views do you support most?

IF "NONE" OR "NO ANSWER", LEAVE BLANK

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THE PAPER FOR A CHANGING SOUTH AFRICA

support for pressure
higher than in 1985

Blacks do back sanctions, warns survey

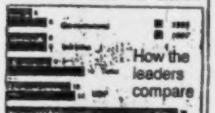
By PHILLIP VAN NIEKERK

AS the international sanctions movement struggles to maintain its momentum, a major nationwide survey released yesterday has revealed that two thirds of black South Africans support sanctions.

The survey was conducted during August and September by the Community Agency for Social Enquiry. This was the same group which compiled a similar, controversial report two years ago showing that most blacks supported disinvestment by foreign companies.

The survey — which for the first time included people in the rural areas — also revealed that African National Congress leader Nelson Mandela and the ANC are the country's most popular political actors for blacks.

Mark Orkin, a director of Case, said yesterday that the repression of three successive States of Emergency had shown blacks that it was "essential that the full range of pressures should be brought to bear to help end apartheid".



Out of the sample of 800 respondents, 46 percent said sanctions should be applied until the South African government lifted the Emergency, freed political prisoners, unbanned political organisations and abandoned apartheid.

Orkin said 21 percent supported "an even more adamant view" — that sanctions should be enforced unconditionally until the government surrendered power.

Only 26 percent of blacks in the cities and in the rural areas were opposed to sanctions, fearing that it would stunt economic growth.

The results are similiar to the 1985 questionnaire when about a quarter of respondents supported hard-line disinvestment, a quarter opposed disinvestment and one half favoured conditional disinvestment.

However, the 1985 poll was conducted only in the cities whereas 59 percent of the respondents in the latest survey were from the rural areas, 14 percent from small towns and 27 percent metropolitan.

In the metropolitan areas, support for sanctions was more widespread. A total of 29 percent favoured hard-

●To PAGE 2

Two-thirds blacks pro-sanctions - poll

●From PAGE 1

line sanctions, 52 percent backed conditional sanctions while 14 percent were opposed to sanctions.

Orkin pointed out that compared to the 1985 figures, the support for economic pressures had increased among blacks in the cities.

A new question — on whether respondents were prepared to continue supporting sanctions if these resulted in job losses for blacks — also produced some surprising results.

The number of hard-liners, who stood by the sanctions position whatever the unemployment costs, declined to 14 percent overall. A second intermediate group who were prepared to see some but not many blacks unemployed as a result of sanctions dropped to 26 percent while 60 percent were not willing to support any job losses.

"The pressure to use economic measures is increasing at the same time as the growth in unemployment is worrying people," said Orkin. "Taken together, the results illuminate the policy decisions on sanctions of the unions, the churches and popular political tendencies.

"They are calling for sanctions to be comprehensive rather than partial, and mandatory rather than voluntary, in the hope that this way sanctions will achieve the greatest possible political impact, while causing unavoidable economic hardship for the shortest possible time."

The survey on political leadership revealed that nationally 24 percent supported the ANC, seven percent the United Democratic Front, six percent Archbishop Desmond Tutu and 11 percent Inkatha while 10 percent supported the government.

Within the metropolitan areas, the ANC received 35 percent, the UDF 13 percent, Tutu nine percent and Inkatha eight percent.

"The leadership figures display a close continuity with the earlier survey," said Orkin. "This confirms the reliability of the study and indicates the steady evolution of black opinion responding to political events.

"Since 1985 the only appreciable change is that support for the ANC has risen a few percent and that Tutu has lost support (from 16 percent in 1985) as he has moved residence away from the Witwatersrand."

The questions were framed so that each position was explained alongside the political groups which support it. For instance, the question for those opposing sanctions, read: "This view is supported by PW Botha, and the Nationalist government, by the PFP, by businessmen like Harry Oppenheimer and by homeland leaders like Chief Buthelezi."

Doubt was cast on the findings yesterday by Professor Lawrence Schlemmer, director of the Centre for Policy Studies at Wits University, who was himself criticised for a survey he did two years ago into black attitudes on disinvestment.

Schlemmer said that given that the options on sanctions were linked to political leadership, the question was not about sanctions but a mixture involving both sanctions and support for leaders.

"I am surprised that as many as 26 percent of people oppose sanctions given that to do so would be to associate with the government. That this has been done biases the response against rejection of sanctions.

"This is not comparable with other surveys and the respondent is faced with the critical dilemma to support sanctions or his political leadership."

Orkin said yesterday that as with the earlier study, it was important not only to mention the policy positions but also as background to give the important party political tendencies associated with each position.

NATIONAL FOREIGN TRADE COUNCIL, INC.

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SUMMARY

National Foreign Trade Council
Position Paper

South African Sanctions Legislation

American companies in South Africa have led efforts to end apartheid and bring social, economic and political justice to its non-white majority. They have:

- insured equality and advancement for non-white workers
- devoted hundreds of millions of dollars to programs to improve black education, housing and health care
- initiated and enthusiastically participated in efforts to advance social justice
- encouraged the growth of non-white businesses and trade unions

American businesses believe the most effective method of ending apartheid is action which brings economic and, ultimately, political power to non-whites. Therefore, they have been leading proponents of black empowerment strategies.

The 1986 Comprehensive Anti-Apartheid act applied pressure on the South African government to end apartheid by imposing economic sanctions. Pending legislation would prohibit any American business presence in South Africa. The experience since 1986 with sanctions demonstrates this policy is seriously flawed. It has had disastrous consequences for South African Blacks counterproductive to its stated goal of ending apartheid.

Sanctions have had little adverse effect upon the South African economy as a whole. This policy has not driven the South African government to end apartheid by, instead, may have contributed to the government's increasing resistance to change.

Total disinvestment would exacerbate the sanctions policy.

American programs beneficial to black workers would be eliminated. Corporations replacing American companies do not engage in the wide range of enlightened policies undertaken by U.S. corporations. History has proved this fact.

In short, the policy of the United States government toward South Africa should actually contribute to the elimination of apartheid. It should help empower blacks in South africa, not further impoverish them. American companies are helping black

South Africans move toward their own goals of economic and political power. The United States Congress should not ban U.S. companies from South Africa.

NATIONAL FOREIGN TRADE COUNCIL, INC.
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National Foreign Trade Council
Position Paper

South African Sanctions Legislation

June, 1988

INTRODUCTION

The National Foreign Trade Council is coordinating the legislative efforts of a coalition of major business associations -- which includes the National Association of Manufacturers, the U.S. Chamber of Commerce and the U.S. Council for International Business -- and various companies who are signatories to the Statement of Principles (formerly the Sullivan Principles). These companies believe that the U.S. business presence in South Africa contributes positively to undermining apartheid by their active opposition to that system and by increasing the economic clout of nonwhite South Africans.

These companies and associations oppose additional sanctions because they will not hasten the end of the apartheid system and will be harmful to the interests of black South Africans.

The Statement of Principles companies have operated in South Africa for many years and actively worked to eliminate apartheid. They have consistently led efforts to end apartheid and continue to be in the forefront of enlightened corporate behavior in South Africa.

The signatory companies operate under and promote the following principles:

1. Eliminating laws and customs that impede social and political justice.
2. Increasing the number of blacks, coloreds and Asians in management and supervisory positions.
3. Initiating and developing training programs that prepare blacks, coloreds and Asians in substantial numbers for supervisory, administrative, clerical and

technical jobs.

4. Improving the quality of employees' lives outside the work environment by devoting corporate resources to improve housing, transportation, schooling, recreation and health facilities.

5. Providing equal and fair employment practices for all employees.

6. Assuring that the pay system is applied to all employees without regard to race or ethnic origin.

7. Desegregating all eating, comfort, locker room and work facilities.

They have supported the development of the trade union movement and have devoted corporate resources to development of black businesses. The companies have repeatedly met with various members of the South African government to urge them in the strongest terms to make changes in racially restrictive legislation.

The Statement of Principles companies believe:

* Past attempts to pressure the South African government for change by imposing economic sanctions affecting trade or investment have not helped to eliminate apartheid, have made the South African government less tolerant of reform and have hurt blacks economically.

* Current legislative proposals forcing American companies to totally withdraw from South Africa would also not aid in the struggle against apartheid but would eliminate the significant programs of American companies in to improve the economic, political and social life of nonwhite citizens.

* Pending legislation would result in increased unemployment among blacks and increased wealth for the white South Africans taking over the capital assets of the former American companies.

* The ultimate elimination of apartheid requires the empowerment of blacks economically rather than their further impoverishment through disinvestment and

other economic sanctions.

The members of the coalition believe there is little understanding of the active and responsible role which American companies have played in undermining apartheid in South Africa and the disastrous immediate economic consequences as well as long-term political consequences to black South Africans of total disinvestment.

This paper, therefore, reviews in detail activities of American companies to bring political and economic power to black South Africans, discusses the negative effects of the 1986 sanctions, and points out the certain harmful impact of total disinvestment as would be required by H.R.1580.

ACTIVITIES OF AMERICAN COMPANIES IN SOUTH AFRICA

American companies operating in South Africa have for years been in the forefront of the struggle to end apartheid and improve the economic and political lives of nonwhite South Africans. Even supporters of total disinvestment acknowledge the positive role played by American companies. American companies not only have made efforts to insure equality and advancement for nonwhite South Africans within the workplace, but have also instituted significant programs to improve conditions within the society as a whole.

1. Workplace

* Nonwhite employees are significantly better paid by U.S. companies operating in South Africa than by most non-U.S. firms. U.S. companies have a minimum wage standard that is a 30 percent premium above the living level for a family of five. In many instances, U.S. firms require their non-U.S. suppliers to conform to similar higher minimum wage standards for their workers.

* The U.S. companies in South Africa spend more than $3 million annually to train nonwhite employees at "industry training centers", many established by American firms.

* In 1985, U.S. companies in South Africa trained 12,209 nonwhite employees for better jobs in their companies. This was an increase of almost 100 percent over the preceding year and advanced training for one out of every five workers in the workforce.

- U.S. companies trained more than 1,700 nonwhites in South Africa for supervisory/managerial jobs in 1985. Another 900 were trained for professional and sales jobs, 3,500 for skilled/clerical/administrative jobs, and 4,300 for entry-level unskilled/semiskilled jobs.

- U.S. companies in South Africa have provided more than 1,000 scholarships for advanced training for their nonwhite employees each year.

- During the last ten years, the number of nonwhite supervisors and managers in U.S. companies has grown steadily. In 1979, one of every six supervisors and managers in U.S. companies was nonwhite. By 1984, the percentage of nonwhite supervisors/managers climbed to 23.2 percent and by 1985 to 24.3 percent.

- U.S. companies have been in the forefront of efforts which have enabled South African workers to organize trade unions and, thus, to participate in the collective bargaining process.

- U.S. companies have opposed South African government efforts to outlaw secondary boycotts. Although vigorously opposing secondary boycotts in the U.S., American companies in South Africa believe that if this tactic is made illegal in South Africa, the efforts of the trade union movement to achieve parity in the workplace for nonwhite workers would be weakened because other forms of political and economic recourse are denied to nonwhites.

2. Education

- During 1979-1986, U.S. companies in South Africa spent approximately $64 million to support nonwhite education and training in South Africa. About $24 million was spent to train and educate the U.S. companies own nonwhite employees and another $23 million was spent to train and educate nonwhites other than their employees, mainly through scholarship programs. In 1986 alone, the programs designed to educate non-employee nonwhite citizens reached a level of $15 million, an increase of more than 11% over the previous year. This provided funding for 11,767 scholarships. The remainder of the educational funds were dedicated to the Adopt-a-School program and other general support programs for education in nonwhite communities.

- U.S. companies in South Africa have "adopted" 424 nonwhite schools in South Africa. Adoption of a school involves financial help, upgrading teaching, and help of whatever kind the school needs to raise its standards. In 1986, the companies contributed $1.5 million to these schools. In addition to financial assistance, more than 20,000 man-days assistance were provided for adopt-a-school programs, which benefited 277,815 nonwhite students.

* READ, the major literacy program in South Africa, receives the bulk of its support from U.S. companies. It promotes literacy among nonwhite children and adults, provides libraries for nonwhite schools, and upgrades nonwhite teacher training. In six years, READ has run literacy programs at 684 schools, colleges and youth clubs.

* U.S. companies actively support efforts to develop farm skills which are crucial to South Africa's ability to feed itself. For example, U.S. companies worked closely with the Boskop Training Facility at Potchefstroom, which is the only facility in South Africa geared to training in basic farm skills. Some 95 percent of the Boskop trainees are nonwhite.

* In 1986 alone, American companies assisted several hundred nonwhite workers to obtain their journeyman certificates, a coveted trade position.

* At Kwamashu in the Natal, an area which has experienced significant incidences of violence, the U.S. companies are transforming the Nyabakazulu school into a comprehensive high school offering vocational education in technical and academic fields so nonwhites can qualify for better jobs.

3. Housing

* U.S. companies individually and collectively, petitioned the South African government vigorously to permit outright ownership of property by nonwhites outside the homeland. This effort utilized the public press, individual and joint meetings with government officials, and joint action with like-minded South African organizations. In 1986, the law was changed to permit ownership of properties by nonwhites.

* Prior to the change in the property ownership law, U.S. companies had played an important role in assisting black families to take advantage of the 99-year lease opportunity to acquire housing accommodations. U.S. company efforts resulted in the acquisition of approximately 10 percent of all of the 99-year leases

granted throughout South Africa.

- U.S. companies provide subsidized housing loans, loan guarantees, and outright grants and counseling to assist their employees in securing adequate housing. As a result, 40 percent of the nonwhite employees of U.S. companies own their homes.

- U.S. companies have provided $6.2 million to develop decent housing for non-employee families.

- The Group Areas Act specifies particular living areas for each race. Despite this fact, and as a direct result of the support of U.S. companies, increasing numbers of nonwhites are moving into and residing in "whites only" areas. These areas have become known as "gray areas" because they actually are de facto mixed-race areas.

- The U.S. companies have often led the way in developing recreation and sports facilities and programs for nonwhites, and desegregating sports activities. Through 1985, the companies had spent more than $3.5 million to build sports and recreation facilities in nonwhite areas - $800,000 in 1985 alone.

4. Health Care

- U.S. companies have donated more than $8.5 million for the improvement of nonwhite health care facilities. The bulk of this has been devoted to Adopt-a-Clinic programs, financing, equipping and supporting clinics in nonwhite neighborhoods. Other American companies assisted mobile units to offer medical assistance to underprivileged communities across South Africa or encouraged their medical staffs to spend time in the surrounding communities and schools.

- The 23 million nonwhites in South Africa are served by only 600 Black physicians and 17 Black dentists. An organization called MESAB - Medical Education for South African Blacks - was established to help South African Blacks entering the medical profession. Funding for MESAB has come primarily from the U.S. companies.

- The U.S. companies are a major force working to desegregate South African hospital wards. For example, the Johannesburg General Hospital's cancer and heart units are already multi-racial.

5. Black Business Assistance

- U.S. companies in South Africa helped 3,830 nonwhite business enterprises get started and grow in 1985 and about the same number in 1986. They provided consulting and assistance to nonwhite business firms amounting to $14 million in the five years ending with 1986. In 1986, they spent over 17,000 employee days assisting nonwhite entrepreneurs.

- In 1986, U.S. companies bought $11 million in products and services from nonwhite enterprises, a 38 percent increase over 1985. This figure rose to $13.5 million by June, 1987.

- Additional U.S. company assistance to new nonwhite enterprises is funnelled through the Small Business Development Corporation, to which the companies contributed $1 million in 1985.

- In Capetown, the U.S. companies sponsor a special group of nonwhite managers employed by them whose role is to encourage and support South African nonwhite leaders and businessmen in developing and implementing programs initiated by the nonwhite community.

6. Social Justice

- The U.S. companies have set up Legal Aid Clinics to aid residents at no charge on matters ranging from pass law violations to major criminal prosecutions.

- In Pretoria, the U.S. companies have taken legal action to force the Department of Education of Transvaal to accept nonwhite students in any college in its jurisdiction.

- At meetings with Members of Parliament, including the ruling National Party, company representatives have stressed the necessity of ending the Group Areas Act. In addition, U.S. companies are helping move nonwhite families into a suburb called Mayfair West, where nonwhite residence is technically illegal.

- American companies have expended millions of dollars and thousands of man days in efforts directly intended to develop the public, political and economic pressure necessary to loosen the shackles of apartheid. These efforts involved direct communications between CEOs and Cabinet Ministers as well as providing organizational resources for labor and local leaders.

The record of American companies in South Africa clearly demonstrates they are a force for change. Within the workplace and in the society as a whole, American business is in the forefront of bringing economic and political pressures to bear to end apartheid and empower nonwhite South Africans.

BLACK EMPOWERMENT

There is growing evidence that sanctions are largely counterproductive and that black empowerment is the most potent weapon against the apartheid system. Unlike sanctions, black empowerment embodies clear and achievable goals which work to the direct advantage of black South Africans and to the ultimate erosion of apartheid. Apartheid simply cannot coexist with black empowerment. Clearly, therefore, the policy of the U.S. government should be to assist black empowerment. In a paper on the U.S. government's policy in South Africa, Michael Clough, Senior Fellow for Africa at the Council on Foreign Relations, recently noted the following:

> "The expansion of black power has been underway in South Africa for several decades. Economic forces are only one factor in this process. Making support for black empowerment the cornerstone of U.S. Policy would involve recognizing that this process, rather than white politics or government policy making has become the most important factor in the South Africa equation. It is, for example, the nature and pace of black empowerment, not white predispositions or political maneuvering, that is the most critical determinant of the prospects for genuine negotiations. Until there is a decisive shift in the balance of power in South Africa, there is little prospect that whites will agree to negotiate; once a shift begins, negotiations will become inevitable. Similarly, it is the political social and economic character of black empowerment, not largely white dominated discussions of possible constitutional formula, that will ultimately be the most important influence in the shaping of post apartheid South Africa." (Beyond Sanctions: Reorienting U.S. Policy on South Africa, Michael Clough, Council on Foreign Relations, New York, N.Y. 1988)

American companies will continue to pursue the following goals:

- The abolition of all statutory race discrimination;
- Full South African citizenship for all people of South Africa;
- Negotiations between the government and acknowledged black leaders regarding power sharing;
- Release of Nelson Mandela; and
- The end of the state of emergency in South Africa.

IMPACT OF SANCTIONS IN SOUTH AFRICA

In October 1986, Congress passed the Comprehensive Anti-Apartheid Act (CAAA or Act). Congress intended to apply pressure on the South African Government to end apartheid. For several reasons, the Act has been unsuccessful and has had a number of unintended and undesirable results.

First, the sanctions have had little adverse effect on the economy as a whole.

Second, the sanctions have caused the South African Government to become firmly entrenched in resisting needed change.

Third, the sanctions have adversely affected black South Africans, the very people the Act was intended to assist. Fourth, the sanctions have limited United States access to South African minerals strategic to the U.S. economy and national defense, while increasing U.S. dependence on the only other major supplier of these minerals, the Soviet Union.

Fifth, the U.S. uranium conversion and coal industries have been hurt by the sanctions.

1. Effects of Sanctions on the South African Economy

Statistics and other economic indicators clearly suggest that the sanctions imposed by the U.S. government have had little effect on the South African economy as a whole. In fact, the South African economy registered a growth rate of approximately 2.6 percent in 1987, up 0.5 percent from 1986.

The statistics with respect to South African exports also illustrate this point. Exports from South Africa have increased every year from 1984 through 1987. South Africa exported $21.6 billion of goods in 1987 compared with $16.9 billion in 1984. This increase was achieved despite a decrease in exports to the United States from $2.6 billion to $1.4 billion during this same time period.

Other export figures further explain the sanctions' lack of economic impact. For instance, sixty percent of South Africa's export earnings are derived from gold bullion and strategic metals not covered by the CAAA. The political uncertainty caused by the sanctions has facilitated a worldwide rise in gold prices from $280 per ounce in 1985 to $463 per ounce in October 1987, thus contributing significantly to these earnings. Also significant is the fact that the CAAA's ban on exports of agricultural products, uranium, coal, iron, steel and textiles, comprised only 17 percent of the total South African exports of these commodities and only 4.5 percent of the total exports of all South African goods.

Likewise, the sanctions have failed to have a significant impact on South African imports. Like its exports, its imports have risen from $10.8 million in 1984 to $14.3 million in 1987.

South Africa's well-developed infrastructure and industrial base have made it particularly invulnerable to economic sanctions. The country's foreign dependence on vital resources is minimal. For example, it maintains substantial food supplies so that it is able to export such products and its dependence on imported oil is considered small by international standards. Additionally, since the imposition of sanctions, South Africa has increased its development of nuclear energy and stockpiled its oil surpluses. These factors, combined with the fact that importation of U.S. goods comprise only 0.3 percent of all South African accounts, help to explain why South Africa was able to raise its Gross Domestic Product 2.6 percent in 1987.

One method South Africans have used to avoid the impact of the sanctions is increasing trade with other nations and diverting their goods to third countries not restricted by the sanctions. For example, South Africa's trade with Taiwan has increased from $135 million in 1985 to $911 million in 1987. This figure is expected to increase to $3 billion by 1990. Similarly, South Africa's trade with the Japanese amounted to $4.27 billion in 1987, 62 percent higher than that with the United States.

South Africans have also developed a number of other methods to circumvent the CAAA including, for example, the formation of offshore trading companies, the rerouting of air service, and the reregistration by South African fishermen of their ships to the Cayman Islands thereby enabling them to ship South African lobster tails to the United States as a Cayman product.

In addition, voluntary disinvestment by U.S. corporations demonstrates that disinvestment has created huge windfall business opportunities for white South Africans. Many American corporations divesting their South African holdings have sold their interests to local, white-controlled firms, often at firesale prices, creating new white South African millionaires in the process and providing few new ownership opportunities for black workers.

Thus, concentration through disinvestment of more of South Africa's wealth in local white hands, at least in the short term, has marginally enlarged the economic gap between black and white South Africans. Certainly, it should be a basic thrust of United States policy in South Africa to encourage greater black economic power rather than increase the wealth of white South Africans who support apartheid.

2. Effect of Sanctions on South African Blacks

Unlike the South African economy as a whole, which has not been significantly affected by the sanctions, South African blacks have had to bear the financial, political and social brunt of many of the economic measures imposed by the United States. The damage to the South African economy has been fairly limited to specific sectors of the economy but within those sectors the damage has been felt mainly by black workers.

Blacks have borne a tremendous burden with respect to the levels of unemployment. Joblessness, estimated at 3 million, has been increased by up to 300,000 annually over the past three years. In addition, according to one survey reported in the Washington Post on October 22, 1987, 5,800 black workers have lost their jobs as a direct result of U.S. corporations terminating their operations or selling their South African holdings. The most hard hit as a result of the sanctions have been the labor-intensive sectors, such as agriculture and coal. The deciduous fruit industry claims it has had to layoff 12,000 seasonal workers. The coal industry has laid off 8,000 workers over the past 18 months and industry officials predict the lost of another 2,000 jobs this year. Ninety percent of these workers are black. The iron and steel industry has announced approximately 1,300 layoffs.

These current unemployment figures tell only one part of the story regarding the sanctions and unemployment. It is estimated that real Gross Domestic Product (GDP) growth in South Africa of 5-6 percent per annum will be necessary to create jobs for the 350,000 new workers who will enter the labor force each year. To the extent that sanctions contribute to a slowdown in GDP growth, the sanctions will contribute to increasing unemployment that will hit black South Africans the hardest.

Moreover, the pullout of U.S. corporations may have a significant effect on the wages earned by blacks. By mid 1986, the lowest wage paid by any signatory company was 60 percent above the median wage for laborers working in the non-farming sector. While the new owners of former U.S. companies assert that they will not lower the present wages, a report of the Investor Responsibility Research Center has noted that the new owners will fight to keep wage increases down in an effort to achieve more market-oriented rates of pay. Additionally, of the many firms that have recently purchased U.S. companies, future earnings will likely be directed toward retiring the debt related to the purchase of these companies and to the protection of the new owners' investments, thereby diverting future earnings away from wage increases to black workers.

Perhaps the most significant concern about disinvestment is that its implementation will negate the advancements achieved by blacks through the implementation of the Statement of Principles and other on-going community development efforts of American companies. Those South African or other foreign corporations which replace the American businesses in most cases do not carry on the workplace and community social justice programs established by American companies. If total disinvestment is mandated those efforts will obviously end. The Investor Responsibility Research Center concluded that company contributions to community development projects and social change organizations will drop to half their former level if American firms are forced to leave.

Moreover, another unintended and undesirable result of the sanctions has been the negative restructuring of the political environment to the detriment of peaceful opposition groups and black South Africans generally.

For example, President P.W. Botha, running on a platform deploring American interference in the internal affairs of South Africa, swept to a substantial victory in the country's most recent elections. In addition, the sanctions have frightened the white voters of South Africa. Such fear was seen in the elevation of the conservative party to opposition status thereby replacing the liberal party.

The current political climate has created an increased "laager mentality" (the Boer equivalent of a bunker) within the South African government and fostered defiance and resistance to needed change. This was evident when shortly after the enactment of the CAAA, the South African government cracked down on the United Democratic Front, the country's major opposition group, accelerated its policy of forced removal of blacks and started an aggressive campaign against neighboring Mozambique. Such pro-apartheid measures have coincided with an increasing decline in U.S. influence in the country.

3. Effect of Sanctions on the United States Economy

The economic sanctions imposed on South Africa through the CAAA have had a significant effect on limiting the United States' ability to obtain minerals strategic to the U.S. economy and the national defense and has increased U.S. dependence on the Soviet Union for such minerals. In addition, the U.S uranium conversion and coal industries have been hurt by the sanctions.

With respect to strategic minerals, the United States has historically relied on South Africa for a large percentage of such resources. In 1986, South Africa supplied the U.S. with 56 percent of its chromite consumption, 26 percent of its manganese, 41 percent of its platinum group metals and 52 percent of its cobalt. These minerals are vital to the U.S. economy and the national defense. The availability of such resources in the United States is insignificant and the only other major source worldwide is the Soviet Union. The U.S. Bureau of Mines has estimated that the direct economic costs to the United States resulting from an embargo on South African strategic minerals would be $1.85 billion a year.

The CAAA has curtailed the flow of these strategic minerals from South Africa into the United States and has caused the United States to become dependent on the Soviet Union to replace such imports.

Not coincidentally, as a result of the sanctions, U.S imports of chrome from the Soviets surged to 6,440 gross tons per month based upon a six month average ending March 31, 1988. This figure is compared to only 479 gross tons per month from 1981-1985. (Chrome is essential for the production of stainless steel and super alloys.) Moreover, upon passage of the CAAA, the Soviets began development of a new chrome mine with an annual capacity of two million tons and expanded their production of antimony. Like chrome, imports of antimony from the Soviets, essential for the manufacture of bullets, computers and radar, have also increased during this same period.

Aside from an increased dependence on the Soviet Union for strategic minerals, the U.S. coal and uranium conversion industries have also been adversely affected by the economic sanctions. Due to a fear that the sanctions would hurt their $45 million-a-year exporting industry, South African coal producers slashed their prices in hopes of attracting new foreign markets while maintaining old ones. Coal consumers responded by either buying the cheaper coal or by putting pressure on other producers to lower their prices. The United States, due to its stringent environmental regulations and relatively high wages, was hardest hit, suffering a loss of about $250 million over the past three years. During this same period, the coal industry witnessed a drop in steam coal prices from $48.21 a ton to $41.99 a ton.

Likewise, the CAAA has injured the United States uranium conversion industry. Section 309 of the Act, while prohibiting the importation of uranium ore and oxide, provides a loophole for uranium hexaflouride gas. As a result, foreign utilities have been purchasing the uranium from South Africa, where it undergoes the conversion process before ultimately being shipped to the United States. According to the U.S. Department of Energy, the banning of uranium ore, without explicitly providing the same for uranium hexaflouride, hurt the U.S. uranium conversion industry without reducing the amount of South African uranium entering the United States.

CONCLUSION

American businesses in South Africa have played an important role in efforts to eliminate apartheid and empower nonwhite South Africans economically and politically. They have carried on these efforts both in the workplace and in society as a whole. Without doubt, American businesses are a positive force for change within South Africa.

There is a broad consensus within the United States for vigorous efforts by both our public and private sectors to work toward the complete elimination of apartheid within South Africa. The Statement of Principles companies have long supported this view and intend to continue maximum efforts to accomplish this goal. While there may be differences of opinion on the best methods of reaching this end, there is no disagreement as to the goal itself.

The experience with the Comprehensive Anti-Apartheid Act proves that the use of sanctions and disinvestment does not contribute to ending apartheid, but has unintentional effects which work to the detriment of nonwhite South Africans. The policy of the American government must go beyond symbolic gestures and actually contribute to ending the apartheid system. The most direct and concrete path to that end is the empowerment of the nonwhite majority in South Africa. To the extent that United States government policies assist in that effort, they should be vigorously pursued; to the extent that those policies hinder that process, they should be abandoned.

June 1988

TO: Nancy Stetson

FROM: Greg Craig

SUBJECT: SFRC Testimony

During testimony before the Senate Foreign Relations Committee, Senator Kennedy agreed to provide the names of groups and individuals from South Africa that Senator Kennedy or members of his staff met with during 1987. That list follows:

Groups

Operation Hunger
The Government of South Africa
The United Democratic Front
The South African Council of Churches
The African National Congress
Detainees' Parents Support Committee
National Medical and Dental Association of South Africa
National Union of Miners
The South Africa Foundation
The Urban Foundation
Get Ahead, South Africa
IDASA
Black Sash
National Education Union of South Africa
Concerned Social Workers' Group of South Africa
Anglo-American Corporation

Individuals

Anthony James Leon
Michael Rocholt
John Rees
Ina Perlmann
Amb. Piet Kornhoof
Michael Farr
Malcolm Ferguson
Mpho Tutu

Eric Mafuna
James Motlatsi
Fanyana Mazibuko
Oliver Tambo
Tabo Mbeke
Johnny Makitini
John Chettle
Don MacRobert
Dr. Nthato Motlana
Matabata
Von Zyl Slabbert
Beyers Naude
Auret Van Heerda
Ivan Toms
Frank Chikane
Dr. Jerry Coovadia
Patrick Makhoba
Pule Nape
Sylvia Jele
Audrey Coleman
Michael Rice
Marumo Moerane
Peter Harris
Dean T. Simon Farisani
William Tshabala
Zanodumo Mntambo
Terry Sacco
Dr. Mamphela Ramphele

STAFF INVESTIGATION OF HUMAN RIGHTS ABUSES OF BLACK SOUTH AFRICAN EXILES BY THE "LIBERATION MOVEMENTS"

(By Phil Christenson)

During the period June 1-June 15, 1988 I conducted a staff investigation of alleged abuses of the human rights of black South African refugees who have sought asylum in other countries in Africa. The investigation was conducted in Kenya, Tanzania, Zimbabwe, Zambia and Botswana. Several dozen black South African refugees, all former members of the so-called "liberation movements", were interviewed about their experiences in exile. All were young men and women, now in their late 20s or early 30s, who had left South Africa after participating in student protests in 1976 and 1977. Many of those interviewed live in fear of retribution by the liberation movements if their assistance to this investigation is discovered. Others are illegal immigrants who fear arrest and deportation, and possible execution by the ANC. All were promised confidentiality.

This investigation was prompted by the State Department's April 15, 1988 report concerning ANC prison camps in Angola and detention facilities in other countries. Although submitted in compliance with Section 1223 of Public Law 100-204, the report submitted to the Congress provided practically no additional information to the Congress other than **that already** known by Committee staff.[1] It was **deemed necessary** that the Committee staff undertake an **independent investigation** of these issues in light of the Department's lack of useful information on this issue.

Racial Discrimination Against Black Refugees

The treatment of black South African refugees by the host countries, by the United Nations High Commission for Refugees, and by the United States Government, differs substantially from the treatment white South African refugees receive from these same organizations. White South African exiles are well treated. As a routine and established practice white refugees are assisted in gaining immediate asylum in developed (and predominantly white) countries of North America, Europe, Australia. Their treatment and the countries of asylum guarantee that white South African refugees are fully protected in the exercise of their freedom of speech and political association.

According to several dozen black South African exiles interviewed during this investigation, black South African exiles are treated in a much different manner. They are given minimal financial support, forced to join political organizations affiliated with the Soviet Union (either the ANC or PAC), held under close scrutiny of Eastern European trained internal security agents(known in the ANC camps as the "commissars"), and are subject to brutal punishment, including execution, for political dissent.

Refugees interviewed in different countries told the same tale of their treatment. All were refugees who had fled South Africa during the 1976/1977 racial disturbances after having participated as students in the demonstrations against the South African Government. While participating in these demonstrations, they became fearful that the South African security police would arrest them, and they fled the country to Swaziland or Lesotho.

Once across the border, the refugees reported, they were pressured or induced (normally by promises of scholarships to study in the United States or western Europe) to join either the African National Congress (ANC) or the Pan African Congress of Azania (PAC). One group interviewed indicated that, in 1977, a "Mr. McNamara" of the UN High Commission for Refugees' office in Swaziland told them that they had to join either the ANC or the PAC[2]

Reports by refugees interviewed in different countries consistently claimed that they had fled South African without any intention of joining a so-called "liberation movement". They had become fearful of the South African security police, but had little knowledge of either the ANC or PAC. Most were associated in a vague fashion with the black consciousness movement, which was then very popular among black students.

Once they joined one of the so-called "liberation movements", they were shipped at UNHCR expense to Tanzania or Zambia, and placed in refugee camps sponsored by the UNHCR. Those who joined the PAC reported uniformly that they were reasonably well treated.

Political Oppression, Torture, and Murders by the ANC

Former ANC members speak of life in an ANC camp as one of fear, mistrust of one another, and especially fear of being sent to "The West".[3]

Those who have escaped the ANC reported to me that the arbitrary detentions for political dissent, beatings, and even deaths from beatings routinely take place in the ANC camps in Tanzania. ANC "commissars" and disciplinary committees make it their practice to remind inmates of the ANC camps that dissidents may find themselves sent to "The West". Political dissidents disappear in the middle of the night and are believed by the refugees to have been abducted by the ANC commissars and transported to "The West".

The escapees further reported that the Tanzanian Government has intervened from time to time to investigate the killing of ANC inmates. The Government of Tanzania has made it clear that it will not tolerate executions by the ANC of political dissidents or suspected "spies". Instead, these escapees reported, the Tanzanian Government permits the African National Congress to transport political dissidents from the ANC camps in Tanzania to the ANC prison camp in Angola, where the ANC conducts its executions. Reliable information was received that at least 10 executions a year of political dissidents or suspected spies take place each year at the ANC prison camp in Angola.

Because the ANC murdered a former ANC member who assisted the Senate Subcommittee on Terrorism investigating the ANC, it is not possible to provide names or other identifying information in this written report about those who discussed these sensitive matters with the Committee staff. An interview with a source of great credibility told me that at the ANC camp in Mazimbu, outside the Tanzanian town of Morogoro, two or three women refugees were locked in a shipping container for three or four weeks by the ANC "commissars" last year because of their refusal to have sex with the ccommissars. When the youths of the the camp went to the two "elders" (older inmates who have been in the ANC since 1961), the result was that the ANC Chief Representative in Tanzania imposed discipline on those who complained rather than on the "commissars".

This source continued to report that a "Robert Nyembe"[4], from Johannesburg, had been an inmate at Mazimbu after having been released from the ANC prison in Angola. Once back at Mazimbu, "Mr. Nyembe" spoke out about what was going on in Angola, the killings, the beatings, etc.. According to the source, the ANC commissars seized Mr. Nyembe and beat him to death. Because of time constraints, this source was unable to locate other ANC escapees who were living in hiding in the country where the interview took place.

Another refugee interviewed described his personal experience of having been beaten by the ANC "commissars" and accused of being a BOSS agent (i.e., a spy). He reported that five "commissars" beat him so severely in the face that he could not even eat soft foods such as corn porridge without painkillers, and required hospitalization. As part of his interrogation by the commissars, the bottom of his feet were also severely beaten. He claims that his life was saved because the Tanzanian Government representative for the camp learned of his plight and rescued him. After being released from the hospital, this refugee was held in a detention cell for three months by the Tanzanian Government representative to protect him from the ANC "commissars". After his release, he fled the country.

The State Department report of April 15, 1988 claims that mistreatment in the ANC camps in Tanzania does not take place, and cites the presence of Scandinavian aid program officials working with the ANC at these camps as the source of the Department's position. Refugees who have escaped from the ANC camps and who are now in several countries contradict the Department's assertion. They report that any ANC inmate, other than senior officials, who associates with the European aid workers makes himself the object of attention for the ANC security "commissars". One escapee reported that he was interrogated by the "commissars" after having been spotted talking to a Swedish SIDA aid worker. He reported being much more careful about his contact with Europeans thereafter because the next step after interrogation would be to be taken to "a workshop". A "workshop" is the refugees' slang expression for the commissars' torture rooms.

Former ANC members who had been in the ANC camps in Tanzania reported that the ANC camp at Dakawa is used as a prison. Some claimed that Sections 16, 17, and 18 at the Dakawa refugee camp were the prison sections. Another claimed that a smaller camp adjacent to Dakawa, called Kitete, was a military facility used as a prison. A third refugee, who was imprisoned at Dakawa, claimed simply that Dakawa is a prison camp, but a minimum security prison used as a warning against further dissent.

US government officials are denied access to the ANC camps in Tanzania. Although the United States government, through a contract with the African-American Institute, paid for the construction of the Solomon Mahlangu Freedom College at the ANC's main camp at Mazimbu, officials from the United States Government have been consistently refused access to the camp.

Role of the UNHCR

Black South Africans who have experienced the UNHCR callous disregard of their basic human rights do not believe UNHCR deserves such distinction. They see the UNHCR as operating hand in glove with the ANC to oppress black South African refugees. Some refugees who have escaped from the ANC reported pressure from Mrs. Zonelli Mbeki, a high ranking officer of the UNHCR formerly assigned to Nairobi and now assigned to UNHCR's office in Lusaka, to rejoin the ANC. She is reported to have offered to have UNHCR pay for their transportation costs back to Tanzania. Mrs. Mbeki is the wife of the ANC Information Secretary and Executive Committee member Thabo Mbeki. Several refugees interviewed indicated that they protect their families in South Africa from ANC retribution by never revealing their true identities, even (and perhaps especially) to the UNHCR.

UNHCR has created a structure in which black South African refugees are forced primarily into three countries: Angola, Zambia and Tanzania. UNHCR arranges for and pays for the transfer of black South African refugees from their countries of first asylum (Botswana, Lesotho, and Swaziland) to these countries of final asylum where they are consigned to "refugee camps". According to official publications of the UNHCR, its "operating partner" for programs of assistance to South African refugees is the African National Congress.

It is only for South African (and Namibian) refugees that the UNHCR operates its refugee assistance programs through the offices of an armed political movement. Other UNHCR programs operate through local government or private voluntary agencies. One must wonder how the United States Department of State could accept a UNHCR decision that a black South African refugee has to go to the African National Congress, a movement associated with the South African Communist Party and the Soviet Union, in order to obtain UNHCR assistance.

While for the purposes of channeling U.S. taxpayer funds to support the African National Congress, the South African refugees under the control of the ANC are considered "refugees" by the UNHCR, for all other purposes they are not considered refugees by the UNHCR. The Tanzanian Government and the UNHCR in Tanzania claims that there are no South African refugees in Tanzania. In Zambia, the ANC is considered an armed liberation movement whose relationship with the host government are not through the normal refugee department, but through the Ministry of Defense. The Zambian and Tanzanian governments generally permit the ANC to act as government-in-exile with almost total abdication by the host government of its law enforcement and judicial authority over the ANC. The UNHCR does not intervene in any country to protect the human rights of black South African refugees from abuses carried out by the ANC.

By far, the largest concentration of black South African refugees purportedly under UNHCR auspices are the 10,000 "refugees" living in the ANC-run camps outside of Luanda, Angola. Angola is not a country that is highly regarded for its human rights record. It would be reasonable to assume that conditions for all South African refugees in Angola are substantially worse than those reported by the refugees who have escaped the ANC camps in Tanzania. I have personal knowledge about the daughter of a close friend. She was one of the students who fled South Africa in 1976 after student protests. She refused to join the ANC once in exile, and was sent to Angola, where she was beaten and raped in an ANC prison until the ICRC was able to obtain her release in 1979. She still suffers from the memories of her Angolan experience, and late at night she calls her father (collect, as daughters are wont to do) in tears from her current asylum in Western Europe. One wonders how it was possible for the United States, which pays 30% of the UNHCR's operating budget, and other western countries to agree in the mid-1970s that Angola should be the principal place of asylum for the black South African students then fleeing the country.

Exiles reported that efforts to obtain the assistance of the UNHCR or local authorities were fruitless. Mr. George Chaponda of the UNHCR office in Nairobi is reported to have told former ANC members seeking UNHCR assistance that "everyone supports the ANC" and that they are "deserters" who should get no assistance. The UNHCR office in Nairobi, however, does offer to pay the cost of travel back to Tanzania so that former members can rejoin the ANC and PAC. (Some exiles reported that when really desperate, they played the game of going to the UNHCR, saying they wanted to rejoin the ANC, receiving money from the UNHCR for their travel, then buying food and other necessities.)

UNHCR has also adopted a Catch 22 procedure which in essence cooperates with the ANC security "commissars" in their political oppession of dissident former members of the ANC. Dissident members who escape from the ANC camps in fear for their life and safety are told by the UNHCR that they have to return to the camps and obtain a "resignation letter" from the ANC in order to qualify for UNHCR assistance. Such instructions are viewed, quite rightly in the light of reported executions of political dissidents in Angola, as an invitation to suicide.

On rare occasion, rank and file members of the ANC are permitted to resign from the organization. The PAC seems to be willing to allow its members in Tanzania to quit, but the

ANC has a much stricter policy. Once the member resigns, life becomes exceedingly harsh.

Harsh Conditions at Kigwa

Tanzanian Government policy does not permit former members of the ANC or the PAC to retain asylum in the country, and requires that they be sent to a camp at Kigwa, outside the town of Tabora. Residents in Kigwa live in a malaria-and snake infested region and receive practically no medical assistance. They receive an allowance of approximately $6 a month, from which they are expected to purchase all the necessities of life (including medicine) which they are unable to raise on their own. UNHCR and the Tanzanian Government provide the refugees at Kigwa with a hoe, some seed, and a small plot of cleared land.

Refugees at Kigwa were interviewed. Almost all were high school and university students from large cities (Johannesburg, Port Elizabeth, Cape Town and Durban) when they fled the country. Witnessing the conditions under which these young men are being forced to live, I concluded that there existed elements of retribution and racism in the decision to force them to remain at Kigwa. The young men at Kigwa are almost all the sons of the South African black urban middle class and of a twentieth century urban enviornment. The most politically active segment of the black population in South Africa are the sons and daughters of the urban black middle class and elite.

At Kigwa, they are forced to go back several centuries to earn their sustenance with the agricultural techniques of least developed, uneducated peasant farmers. Life at Kigwa is unrelentingly hard physical labor in the tropical sun, and a day to day struggle for survival. One refugee spoke of the contrast between his life as a student and his current plight. At home, his family's morning routine was to get up, turn on the radio, read the paper, make some tea and toast, and start the day not unlike the morning routines of most Americans. In the evenings, dinner was meat, vegetables, and the like. His life at Kigwa in the past six years has forced him to endure periods of semi-starvation in the lean times before harvest when he had to limit himself to one meal a day, while "meat is unheard of". His sole source of animal protein was an occasional piece of dried fish.

Admittedly, the life of South African refugees at Kigwa does not differ substantially from that of the Tanzanian and Burundian peasants around them, but the South Africans were no peasant farmers in their country of origin. They were full-fledged members of an urban society with closeaffiliations with the United States and Western Europe, which is located in a temperate climate. In terms of life experiences, daily living patterns and standards, and educational achievements and expectations, they have little in commom with their neighbors at Kigwa, who are Burundian peasant farmers who fled from ethnic conflict between the Hutus and Watutsis in Burundi. One has to question whether the treatment of South African refugees is not based on racism. One cannot imagine that the United Nations High Commission for Refugees, the United States Government, and other western governments would create a structure that would force white high school and university students fleeing the Soviet Union, Poland, or other repressive regimes to move to a malaria and snake infested region of the tropics, hand them a hoe and a bag of maize seed, and expect them to eek out a livelihood as a 16th century peasant farmer.

One of the refugees at Kigwa put this issue clearly when he asked " If I was an American, would they treat me this way?"

Black South African Refugees in Africa Can Never Be Safe

UNHCR's offices around the African continent seem to create and implement their own procedures and policies. In Zimbabwe, the UNHCR will occasionally assist those who flee from the ANC's oppressive human rights policies. The United States was able to assist one such individual, Oyama Mabandla flee to Italy after leaving the ANC. According to the American Embassy in Harare, Mr. Mabandla was "subject to arrst and deportation, with the ANC choosing the destination" and the UNHCR office advised the embassy that "at present, they do not consider anyplace on the African continent as secure".

Although some UNHCR officials admit that any black South African refugee who dissents from the ANC is not safe in Africa, several expressed strong opposition to any proposal to routinely offer black South Africans asylum in the United States, Canada, Australia and Western Europe. Although the numbers of refugees is quite small (approximately 15,000) and they could be easily absorbed by western democracies, the UNHCR officials were opposed because "you would destroy the liberation movements". Although most black South African refugees find themselves living under the jurisdiction of the ANC, a Soviet-backed movement, and find themselves sent to the Soviet Union, Cuba, and Eastern Europe for military and other training, their first choice for a country of asylum is the United States of America.

American interests in the protection of human rights for these black South African refugees and our interest in countering the expansion of Soviet influence in Southern Africa are undermined by the current system of assisting black South African refugees. A serious reevaluation of our own refugee admissions policies needs to be undertaken, and the UNHCR policy decisions we have heretofore tolerated or accepted need dramatic overhaul.

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[1] The State Department's cable asking posts to report information relevant to Section 1223 of PL 100-204 makes clear that no great effort is to be expended on this effort. Posts were instructed "New or extensive research is not required."

[2] To verify the group's recollection of a conversation that took place over a decade ago, I asked UNHCR officials about "Mr. McNamara". It was confirmed that during that period Mr. Dennis McNamara, now Deputy Director of UNHCR's legal division, was employed by the UNHCR office in Swaziland.

[3] "The West", a shortening of The Western Front" is the ANC prison camp in Angola. It is also described as "Number 4" or "Quattro". Other ANC prisons in Angola have been reported at Quibaxe, Viana, Luanda, and Malanje.

[4] As a standard practice, which apparently has the blessing of the UNHCR, the ANC requires black refugees who join the movement after being referred by the UNHCR to adopt a "liberation name" and prohibits them from revealing to anyone their true identity. It is under the "liberation name" that the refugees are then transported, at UNHCR expense, from one country to another in Southern Africa. This practice makes it impossible for families in South Africa to track down their loved ones, and facilitates the detention and execution of political dissidents. The system does not always work, as one escapee noted, because there is often a "home boy" in the camp who one has known since childhood.

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